

CONGRESSIONAL BUDGET PROCESS

HEARING BEFORE THE TASK FORCE ON THE BUDGET PROCESS OF THE COMMITTEE ON RULES HOUSE OF REPRESENTATIVES NINETY-EIGHTH CONGRESS

FIRST SESSION

TO REVIEW THE CONGRESSIONAL BUDGET PROCESS SINCE THE ADOPTION OF THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

APRIL 29, 1983

PART 2

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CONGRESSIONAL BUDGET PROCESS

FRIDAY, APRIL 29, 1983

HOUSE OF REPRESENTATIVES,
TASK FORCE ON THE BUDGET PROCESS,
COMMITTEE ON RULES,
Washington, D.C.

The subcommittee met, pursuant to call, at 10:10 a.m., in room H-313, U.S. Capitol, Hon. Anthony C. Beilenson (chairman of the task force) presiding.

Present: Representatives Dicks and Morrison.

OPENING STATEMENT OF HON. ANTHONY C. BEILENSEN, CHAIRMAN OF THE TASK FORCE ON THE BUDGET PROCESS

Mr. BEILENSEN. Some other members will be here soon. Because we are not in session today, a number of other members who had hoped to be here unfortunately had to go home.

Today the Rules Committee Task Force on the Budget Process will be hearing from several public witnesses including representatives of business organizations, labor and public interest groups, and from a few individuals with academic and government backgrounds, who have views on the congressional budget process to share with us.

Before we begin, I want to just say a couple of words about the purpose of the task force. Our panel was appointed late in the 97th Congress by former Rules Committee Chairman Richard Bolling and reappointed this year by Chairman Claude Pepper to review problems in the budget process and make recommendations to the full committee.

In addition to those few of us from the Rules Committee who serve on this panel, we have many members associated with other House committees. Although Rules has jurisdiction over the Budget Act, having members from other committees which are greatly affected by the procedures established by the act allows us to have many different perspectives on the problems and possible changes.

Our task force has operated mostly as an informal working group holding roundtable discussions on budget issues rather than formal hearings most of the time. Our only other hearings thus far were held last September when, because of time limitations, we heard only from congressional witnesses.

Today is our first and, thus far, only scheduled hearing for public witnesses. We welcome our witnesses and we thank them for taking the time to be with us. The views and suggestions we receive today will be very useful to us as we proceed in the next few

months with developing recommendations to submit to the full Rules Committee.

According to my schedule, Hon. Brock Adams is our first witness. He is the former Congressman from the State of Washington, former House Budget Committee chairman, former Secretary of Transportation under the Carter administration, and now partner in the law firm of Garvey, Schubert, Adams & Barer. It is very good to have you with us.

STATEMENT OF HON. BROCK ADAMS, FORMER CONGRESSMAN FROM THE STATE OF WASHINGTON, FORMER HOUSE BUDGET COMMITTEE CHAIRMAN, FORMER SECRETARY OF TRANSPORTATION UNDER THE CARTER ADMINISTRATION, PARTNER IN THE LAW FIRM OF GARVEY, SCHUBERT, ADAMS & BARER

Mr. ADAMS. Thank you, Mr. Chairman. I appreciate your invitation, members of the committee. I am very pleased to be able to be here today. I consider your work of very great importance not just to the House but to the functioning of the entire Government.

I am testifying today as a former chairman of the Budget Committee, and a Member of Congress when this process was being created. Yes; also as a former member of the executive branch, on the facts of what occurs within the executive branch, because I think too often in the Congress we forget the massive and monolithic budgetmaking process that goes on in the executive branch. I will not try to read my statement, Mr. Chairman, but describe several of these things, perhaps make some suggestions, and be most happy to answer questions.

Mr. BEILSON. Thank you, sir. The statement will be included in the full record.

Mr. ADAMS. Thank you, Mr. Chairman. I stress the fact that I am testifying in those capacities because I am testifying as an individual. I and a number of other people have joined in bipartisan groups to maintain the budget process. I don't speak for those groups. Some of them have different opinions than I do on technical parts of the process.

I also am not speaking as part of the group that has done some substantive work on the budget in this last year, because I understand you are focused on the process in this task force.

I was a Member of Congress when this act was debated, and there is one thing I would like to bring before this task force. I know other witnesses have said it, but it is a very strong personal feeling of mine. The budget process was created to restore to the Congress, and particularly to the House of Representatives, its prerogatives during the period of time when we were faced with a number of very severe impoundments during the early years of the Nixon administration.

A shift in the basic constitutional powers of the United States was occurring, when the budget process was created. It was not simply for someone to meddle with the jurisdictions of the committees. Because we had lost control as a Congress, the budget process is created to reinforce the constitutional separation of powers, and in particular the historic sense of deciding where money is spent and how it is developed.

I know frustration is caused by the day-to-day activities of trying to deal with difficult economic and political times. I know you have many experts on the technical details of the budget. I would be happy to discuss any of those details with you, Mr. Chairman, but I know many others will cover it, and in my few brief minutes I think that what I should spend my time on is the things that occurred and a few suggestions that I have.

At the bottom of page 2, I can't resist putting in the comment that a budget is not a technical expert document [see p. 10]. It is a political document. The President's budget is a political document. The Congress' response is a political document, and that is in the best sense of the word.

Often as Americans, and I see this now as I attend computer courses, we tend to have the belief that anything that has numbers in it must be technical, not capable of being understood and, therefore, best left to the experts.

I would like to stress that Government spending, which is what the Congress does as its first and primary constitutional responsibility, creates and directs Government policy. Where the money goes, that is where the policy goes. We can make a lot of speeches, but money is the final hammer on any political decision.

The budget process is the reason I am here today, Mr. Chairman. This is the Congress' only opportunity to respond to the budget process.

As one who served as a Cabinet officer, I can unequivocally state that the executive budgeting system is and always will be more coherent than the legislative budgeting system. It starts 18 months in advance. It has a long history, with a very detailed set of budgeting instructions and officers in every agency, every department they worked their way up through a whole year's cycle; when the Congress is operating on a 1 year's budget, they are already 1 year out in front, and in addition to that, you have a very sophisticated OMB apparatus, which incidentally is not that old.

People start talking about the system in the executive branch as being well organized and monolithic. It has always been monolithic in the sense that the agencies and the departments reported to the President. But the management function of the Office of Management and Budget was only created in the beginning of the seventies. So, it is relatively in the same time period as that of the Congressional Budget Office, and therefore the catchup period of time, which we are only now coming out of, is not as extreme as it might be.

I don't mean there wasn't a budgeting process in the Government, an Antideficiency Act of 1922 and so on, but management functions, and decisions on policies moved into that area in the seventies.

What I am concerned about, Mr. Chairman, is that because of the frustrations of the last 2 years in particular, there is a growing body of thought of "Let's do away with the budget process." I was very pleased, and I want to thank you for your forwarding to me the 97th Congress hearings of the task force, and your statement within it. The work you had done last year indicated a greater underlying support for the budget process than might appear on the surface.

I am grateful for that. The reason is that I was here in the years prior to having the budget process. What occurred is that we had almost complete dominance by the executive branch. I don't mean dominance just in the submitting of items and setting of an agenda by the Presidential budget, but all economic assumptions, all projections, all of the technical detail that came before the Appropriations Committee and before the various entitlement committees, were basically developed within the executive branch. Life has become more complex. We have been using more and more assumptions and projections as entitlement programs have grown and we have had to tie spending to a particular assumption figure. We had to have a separate way of questioning it, for no matter what we did in the appropriations process, we ended up with enormous deficits. Because that is so-called uncontrollable spending—that is really the wrong word for it; it is controllable only with great difficulty—it would give us enormous swings in the budget.

That brings me to what I guess is where I am hopeful I can be most helpful, and that is in the history, the common law, the precedents of the House. In other words, how the House really works in the real world, and why this budget process was fitted into it.

I have not placed this in my statement, but it is a fact that I think the task force is probably aware of, I hope it is, that basically we have always been within targets in the appropriation area. For many, many years we have been below Presidential requests in the appropriation area. There is a long history of appropriations chairmen saying that, and having it be true, saying we have been fiscally responsible so why do we get all this blame?

Now that occurred before 1974 as well as after. What bothered many of us was that after this having been said, and all of us having in effect behaved ourselves and voting for lower appropriations, we ended up with an enormous deficit.

The only time we didn't have a deficit was when President Johnson in effect combined real social security, which was then a surplus, into the administrative budget. I will refer to that in a minute because some people, if they want to go back to something or owe a capital budget or a credit budget, we have some considerable experience with that. You have Elmer Staats here and others who can from long-gained common law history give you the things that happened there, but that can be created.

The second part of the common law and the precedents of the House, which I knew starting as budget chairman, but I had never seen it operate in detail, is that the House under the Constitution originates all spending and revenue bills. That is simple fifth-grade civics.

But it has an enormous practical impact on the manner in which the budget process works and the way the House acts, because the House traditionally has always done meticulous work on bills. They create the framework.

The Senate has traditionally taken an existing bill, amended it, worked their will on it, and therefore as a matter of history, as a matter of how everybody acts in the House, the House Budget Committee is faced with an enormous amount of information, very technical, very detailed, from experts in specific areas, that must be packaged and crunched into a process very early on in the year.

It must meet the tests and requirements of these various people who have for many years built up very technical staffs in a very narrow area. That work is extraordinarily well done. They know every item in that particular part of the budget.

So that is much more difficult than looking at overall aggregates that can be done in the Senate, where they are used to receiving House bills. At least the year when I was budget chairman, we had all 13 bills over there by the middle of the summer. The Senate had all the work in effect—I don't want to insult the other body, but all this meticulous detail had moved over and was sitting there for them to then work their will and also to see where we had any mistakes and appropriately point out that we had done that.

That is just why the budget process came into effect the way it did. It is why so much time is spent here in the Rules Committee and particularly by then member of the Rules Committee, Richard Bolling. This process took about 2 years to try to work into the House rhythm of authorization, appropriations, and conference. It is a process that took into account the expertise and got it into the system early enough and yet tried to accomplish everything within 1 year.

Incidentally I saw and read the testimony, of those who recommended a 2-year budgeting cycle. I believe that that has a great deal of merit because of the dominance that the budget and the appropriations are placing in every session.

We are not getting any time for committees that are not directly in the spending field to get onto the floor because the process does take time. I am a believer that hopefully at some point we may decide to do the appropriations in the first session and authorizations and the appropriations workup in the second session.

Many people criticize that by saying "well, that means the President comes in and he has got to live with somebody else's program for 1 year." That is not necessarily true. I have been through three of those. You can always come in with budget amendments and changes. But what it does for you is it gives every Congress in the 2-year cycle an opportunity to set up for the next Congress a framework to operate in, and it also allows enough time for everybody to have worked through and look at in a new Congress what the budget really is, and what all these bills are about.

Mr. BEILENSEN. We are, Mr. Adams, going to take a very careful and long look into that as one of the possible alternatives.

Mr. ADAMS. There are many experts out there. There are pitfalls, but it has an advantage, and I guess again my reason for being here would be just to refer to what has happened in the past. I am not at all certain, Mr. Chairman—and this is not in my paper, but it is a fact, and I would be happy to discuss it and bring up other witnesses on it—I am not at all certain that it is so all-fired necessary that we charge through a budget every year. I know the time it has taken. I know the repetition of items, and you can say, well, the Government has got to change. It has got to meet these changing patterns very rapidly. I am not at all certain that we aren't meeting them too rapidly.

In other words, if you keep churning something over all the time you can make rapid changes. But if you go into something that is really substantial, as happened with the entrance of the Reagan

administration, it puts enormous pressure on this Congress and particularly on this process. Fiscal policy is drastically changed, and that is what has caused the great furor at this time. The short deadlines with this enormous impact coming in have made a great difference.

I suggested, for example, to the then head of OMB in 1978 that the President should simply, in his presentation in January 1979 for fiscal year 1980, come up with a freeze. We weren't in a war. We weren't in a severe depression.

The reason for this was not any great magic. If you look at your hearings and the material that was submitted as part of Representative Aspin's presentation, you will see that during this period of time in the seventies, our revenues were rising due to inflation, due to a growing gross national product. And if you had simply held spending for 1 year, you would have ended up at the end of that year with a surplus.

In other words, for example, if you took that particular year in 1978, look at the actual spending. It is not a projection, it was 450. The actual revenues the next year were 520. So if you had stayed in the range of 450, you would have had a surplus.

Now going back to the original, if you want to look at the original 1976 projections, because I remember we had a big fight as to whether or not we ought to project out, but we finally did it—I think it is schedule G—you will see that in that year, by projecting forward all of the programs in place that had inflationary kickers to them, and putting a normal rate of inflation on all other programs, the budget with no new programs would have balanced out in calendar year 1980.

What we are concerned about at this moment is that you can't make those projections anymore. I know others have said this to you, but I would like to repeat it to you. Budgets bring the bad news on inflation, deficits, unemployment, and we are afraid the Congress might kill the budget messenger because it is the one that has brought the bad news. Killing the messenger as we all know is not going to change the facts.

Two other points I would like to mention. I would be happy to discuss the elastic clauses if you want and so on, but again I know you have many people to do that and it is in my prepared statement. The last of my two points is that again in the realities of the House, and this is on page 6 of my statement, the rules and the process of the House are a means of channeling majority will [see p. 14].

All of those on the Rules Committee and all that have ever been here very long know that they are just that, a channeling. They can be overturned at any time by a willful majority. The House operates on a majority more than any other legislative body in the world.

The budget process establishes this, and allows it to happen. When I say majority, it is for majority rule. That doesn't necessarily mean the majority party. What has occurred in the last year and a half, and it is occurring now in the Senate, with the other party as opposed to the party that is in power in the House, is that a majority rule or a willful majority can take over the process and any process at any point.

And, therefore, what you have to do in this is to be sure that the process is fair enough that the majority party and minority party know what the fight is going to be. If a majority is going to form outside of that there is notice to all parties, so that when you get to your first resolution nobody is hiding the ball on it.

As part of that, I disagree with many of my colleagues that believe that the reconciliation process should be in the first budget resolution and that there should be only one. It was carefully placed in the second, in order to produce the fairness of allowing all these committees with great technical expertise to have their input. This is the problem with the 1-year cycle. We couldn't get all of that in by March 15.

The way we did it was the Speaker and the budget chairman in 1975 and 1976 met with all the committee chairmen in the spring of the year, and we invited the minority leadership to meet with all the ranking members, and we said if you want to meet all at once that is fine.

We recognized both of the leadership groups. We said this is what we have as a package, and please now understand that we are going to, during the course of the year, be appearing as your bills appear, and if they are all right, fine, we are not going to say anything, but please treat your estimates of what you are coming in with as very, very important.

I don't mind a binding resolution, if you feel that the aggregates make it necessary to have that in the spring, but if you are going to do that, remember the reason the second resolution came along with reconciliation. Reconciliation was used as a tool not only just to correct it if there was a major change in circumstances. If something got away from you during the course of the year, you had to prevent the race to the floor, which is, you leave all the bad bills to the end and the good ones first, you get all your money and you end up at the end and you say, "Sorry, there is going to be no foreign aid bill this year because we have already spent all the money."

That produced enormous nervousness and resentment among some of the jurisdictional committees, saying we won't do that. We have the reconciliation and we say you get something, you get your share, and it also, of course, was a means of enforcement; if you had not been successful on the floor, and if you had not used the enrollment process, you had an ultimate hammer that the majority could say: "Well, we can't run a deficit of this size," or "We ought to run a different system."

My final point, and this goes to the crux of your final question in your letter of invitation, Mr. Chairman, is why the new committee was formed and why I believe it should remain. We could find then, and I am sure the committee, it is true, finds this now, that no committee was willing to give up any jurisdiction. Therefore your various categories, permanent appropriations, annual appropriations, contract and borrowing authority were then—and so far as I know, are now—fragmented. The Budget Committee was a compromise, a new committee to bring all these into one place. No traditional House committee was going to transfer any of its jurisdiction.

We could have created a super appropriations committee. The reason that wasn't done is that in the 1940's we did it. By "we," I mean the Nation did it. We had a super appropriations committee, and my memory is that it lasted 1 year. Any of your other witnesses can discuss this with you, but it has been done before. What happened is things began to slide out from under it.

The second is we could have historically done what many legislatures do. We could have used Ways and Means. But the Appropriations Committee and the other authorizing committees were not going to agree to that, though that was the original constitutional system.

By constitutional I mean that is what the Congress did in the early years. This is why it had the name Ways and Means. It did both. So those things were possible. However, the common law and the history of the House dictated that we have two resolutions, with the authorizing committees and the Appropriations Committees acting in between, and that the budget process channeled all of this power into a response to the executive branch, and I would hope and urge, Mr. Chairman, that this process be maintained.

I would be most happy to answer any questions that you or any member of the committee has regarding how it worked, or anything else that you might wish to know.

[Mr. Adams' prepared statement follows:]

TESTIMONY

to be delivered by

BROCK ADAMS

Mr. Chairman and members of the House Rules Committee Task Force on the Budget Process I appreciate your invitation to testify on the very important matter of the future of the Congressional budget process.

I am testifying today as a former Chairman of the House Budget Committee, 1974-1976, and as a former Member of Congress and of the Executive Branch and not as a member of any group. My present occupation is an attorney-at-law with the Seattle and Washington, D.C. partnership of Garvey, Schubert, Adams & Barer.

I am a member of a bipartisan committee entitled "Committee for a Responsible Federal Budget," established for the purpose of maintaining the budget process. I have also joined in the Bipartisan Budget Appeal recently formed by former Secretary of Commerce, Pete Peterson, and five former secretaries of the Treasury representing both major political parties. However, I am not appearing as a spokesman for either of these groups.

I would be very pleased to discuss with the Committee any of my experiences with the budget process. But my main purpose is to urge the Task Force to maintain and strengthen the budget process in the Congress and particularly, in the House, as being essential to maintaining the integrity of our Constitutional separation of powers. I was a member of Congress during the period when the proposals that led to the enactment of the Budget Act were being

debated. The Act was the result of an historic confrontation between the Executive Branch and the Legislative Branch over federal budgeting, and in particular, the systematic use of impoundments by the Nixon Administration during the early 1970s. The Act, as fashioned, is admittedly complex. This is due to the necessity of achieving difficult legislative compromises between the Congress and the Executive Branch and between the various Congressional committees having jurisdiction over raising revenue and creating the power to spend. The budget process is of great importance to the Congress; and in particular, to the maintenance of the prerogatives of the House of Representatives where all spending and revenue raising authority must originate. I hope that in their deliberations the Task Force and the Congress will not lose sight of the basic purpose of the budget process in its historic and Constitutional sense when dealing with the frustrations caused by the details of making the process work in difficult economic and political times.

I know you will have many experts on the technical details of the Act. I would be pleased to discuss these technical matters with you, but I believe it is more important in my brief statement to emphasize what I call the practical common law and the history of the Congress on budget matters.

I start with the premise that any budget submitted by the President and responded to by the Congress will always be political. Too often we believe as Americans that anything with numbers in it must necessarily be a technical document left only to experts. The budget process has a need for many experts in the

areas of projections, cross-walking, assumptions, auditing, etc. But when it is all over, government spending creates and directs government policy.

The basic budget process is the Congress' only opportunity to respond to the President's budget presented in January of each year. Prior to the enactment of the budget process, Congress had no coherent response to "the budget" and the public generally believed the President's budget was the actual budget of the United States. The Congress worked from the President's budget numbers and few people understood or cared that no budget becomes complete until the Congress has provided the money.

As one who has served as a Cabinet officer, I can unequivocally state that the Executive Branch budgeting system is much more coherent than any legislative budgeting can ever be. The Executive Branch starts on its budget eighteen months in advance of submission and has developed over many years a very strong, monolithic budgeting apparatus starting in each department and agency and ending with a sophisticated White House system utilizing the OMB to present the ultimate questions to the President. Only since the beginning of the budget process has the Congress, through the use of its own CBO, had even an opportunity to question the underlying assumptions of national fiscal policy. Prior to 1974, the committees individually handled budget accounts by comparing the amount spent in the year before with the President's budget request and were required to utilize the projections, assumptions, and other economic data supplied by the Administration. This, of course, allowed the Executive Branch to dominate the

budget process. The Congress would often rebel over items in the President's budget, but the President could both veto and impound.

One of the key areas being investigated by your Task Force is the method by which Congress develops budgets and the different types of spending activities. I can state that without the budget process in place the Congress did not develop a budget but only responded to the President's budget and the different types of spending activities did not even appear to Congress as a total spending package until after the budget year had been completed, usually in the spring of the year following the end of the fiscal year.

In commenting on the specific questions you have asked, I would first stress the common law precedent and practice of the Congress on budget matters which must be understood and factored into any decision on the specific manner in which the Congress might change the budget process. By both Constitutional and historical precedent the House has always originated spending and revenue bills. Therefore, the meticulous technical detail of money bills always starts in the House. The Senate has traditionally received the House bills and worked on the already existing bills. This is very important because it means the work of the House Budget Committee, in dealing with the Ways and Means Committee (revenues and entitlements), the Appropriations Committee (spending bills), and authorizing committees (potential entitlement spending committees), must coordinate an enormous amount of very technical information in the first instance upon receiving the President's budget. This means that so long as we

have annual budgets there is enormous pressure on the House of Representatives to put in place the technical details of authorizing bills, appropriations bills, and revenue bills prior to passing a budget resolution, and must do so in time to send it to the Senate and then hold a conference and arrive at a first budget resolution so the committees can proceed with their bills within a coherent framework.

In times of economic stress and rapid change, such as the present, the Budget Committee trying to coordinate through the budget process the activities of the various committees to produce a coherent response to the President's budget, brings the bad news to the committees and to the Congress regarding unemployment, inflation, and the deficit. This is why so many of us have expressed the concern that the Congress doesn't like being told about this bad news and may "kill the budget messenger;" this will not make the problem of budgeting go away but some believe it is better to avoid the pain rather than to have the responsibility.

Much of the criticism of the budget process has centered on the resentment by many in Congress regarding short deadlines, changed authorizations, and prejudged legislation without the appropriate committee having acted.

I personally would hope that at some point we might have the House of Representatives act on budget matters in the first session and on authorizations for both legislation and budget changes in the second session in order to avoid having the budget process dominate every session. However, until that system is adopted, and I realize there are a number of problems with it, the present

budget process is, in my view, a rational compromise that balances the conflicting interests of authorizations, appropriations, raising of revenues and Congressional participation in the budget of the United States.

Before concluding, I do want to address the problem of the so-called "elastic clauses" which have recently caused great criticism of the budget process. I do think there is rightful criticism of a budget resolution moving to the floor which contains changes in basic authorizing legislation not affecting spending or which is presented in such a fashion that members have not had sufficient time to examine and debate it.

I believe this again reflects the historical and common law system of the House which always provides that a majority can control the House of Representatives at any time it wishes to set its will to do it. The rules and the process of the House, as we all know, are a means of channeling majority will, but we have all seen rules changed and various procedures of the House overruled by a willful majority. The budget process is a means established through the rules of the House and this committee for channeling majority rule. This does not necessarily mean the majority party. What has occurred recently in both the House and the Senate is that a majority has formed outside of the majority party, either in the committee or on the floor of the House or Senate and has adopted a budget and, in certain cases, established changes that went beyond budgetary matters.

I opened my testimony by stressing the need for a budget process to maintain the Constitutional integrity of the Congress

and in particular, the prerogatives of the House, in establishing revenues and spending for the Nation. If you do not use a budget process, you cannot effectively exercise this power. Any process, however, carries with it the risk that the result may not come out the way you want because of the power politics of a particular session. I don't think there is any alternative to the budget process that can avoid this. I do believe some changes can be made to strengthen the fairness of the system so as to make it more acceptable to all members of the Congress.

On this note I would conclude by making a few personal observations of some changes that might be considered and what effect they would have on the workings of the House of Representatives.

First, I disagree with many of my colleagues and believe that a reconciliation process should come after the other committees of the House have had an opportunity to participate in shaping the final product. There must be notice of the proposal and an opportunity for the other committees to make their views known. When I was Budget Chairman, the Speaker and I did this through a series of Spring meetings with the committee chairmen and suggested the same be done through the leadership of the minority with the Ranking Minority members. If this informal system is not used, then a system of notice needs to be established. I do not suggest that by creating a new structure you will assure that it cannot be changed by a willful majority. I would suggest that fairness of process, as opposed to absolute rules, would help preserve the system.

Second, if there is going to be only one resolution per year, then there must be enough time prior to the conclusion of that resolution for the revenue and spending committees to have a fair opportunity to make their input into that resolution. I believe the present system does attempt to establish fairness by a two-step process of a target resolution in the Spring and a binding resolution in the Fall. I would only suggest that if any part of this system is changed, that it meet the criteria I mentioned above.

I believe there does need to be a method for enforcing budget decisions in addition to reconciliation which should be used as an ultimate hammer. Part of this requires almost daily participation by the Chairman and other members of the Budget Committee as each bill is being debated or alternatively a process by which all members are informed regarding the status of the overall budget and the position of the individual bills as they are presented. Again, we did this through informal consultation among the subcommittee chairmen of the Appropriations Committee, the Chairman of the Appropriations Committee and the authorizing committee chairmen so they were aware prior to going to the Rules Committee whether the Budget Committee would oppose the bill's presentation. This is a matter of technical rule-drafting which I leave to the experts on this Committee.

The final point from your invitation is really the crux of why a new committee had to be created. No committee or group of committees was willing to give up any jurisdiction and therefore the permanent appropriations, annual appropriations, contract and

borrowing authority were then and are now fragmented. The Budget Committee was a compromise to have a new committee bring all of the special matters into one forum with one focus because none of the traditional House committees wanted to transfer any of its jurisdiction to one of the other committees. It is possible to create a super-Appropriations Committee (this was done in the 1940s). It was also possible, at times in history, to have a Ways and Means committee handle both appropriations and the raising of revenue (the nation started this way). I will close on the note on which I opened my testimony. The common law and history of the House of Representatives which creates its precedents exists and the budget process represents an excellent but difficult compromise to make the legislative process fit the actual realities of the House of Representatives. The development of the budget process and creation of a Budget Committee does set rules which enable the Congress to debate the budget of the United States in a coherent fashion and carry out its Constitutional mandate. I hope we will maintain this capacity.

Thank you for inviting me to testify.

Mr. BEILENSEN. Thank you. I wish we had a couple of hours to sit around and talk with you about your experience and relate that to our problems here today. I strongly suspect that if we had you back here, the process might work a little bit better than it has been in the last few years.

There are many things to ask you. Let me just ask you about a couple. Maybe we can talk about some others at some other time.

What is your feeling about how the budget process has helped Congress take a look at so-called uncontrollables? Do you think we are controlling spending in those areas of entitlements, and so on, a little bit better than if we did not have the process, and in any case, is there some way that we could continue to spotlight that problem, to try to focus the budget process on the entitlements—the so-called uncontrollables—to a greater extent than we have?

Mr. ADAMS. We are doing it far better than we did before the budget process, because before the budget process we did not do it at all. Things like the COLA, which was suggested by the Nixon administration to prevent individual Congresses from giving \$300 to everybody and claiming credit for it, were really never debated in terms of fiscal policy at all. It was a specific technical change which we didn't ever get to.

I don't think the budget process has been successful in this. It has helped, but the way it has helped is only when a budget chairman would go to the floor, and say: "Well, we have got to reduce the COLA," or "we can't have automatic spending out of the trust fund." This is very hard to do, and it is why you don't last long as a budget chairman.

I didn't discuss capital or credit budgets. You could combine the trust fund with the capital account, but then you leave it on budget; it is in a separate category of the budget, but it funds itself.

That kind of thing has for the first time in the past number of years been spotlighted. It hasn't been stopped because there is no process other than the traditional committee process for bringing the matter to the floor.

Mr. BEILENSEN. I have a general question—and other witnesses who have any ideas about it might want to speak to it when they come up.

Even with the budget process and even with a President who obviously cares a great deal about trying to cut spending, we end up still picking largely on that relatively small 6 or 7 percent of the budget comprised of discretionary domestic programs, whereas the big amounts are elsewhere, and it would be useful I think if we could focus our attention on those areas that have been escaping the kind of—not cuts necessarily—but restraint in growth that we are going to need to enforce upon them if in fact we are to control the size of the budget.

Mr. DICKS. Would the chairman yield?

Mr. BEILENSEN. Of course.

Mr. DICKS. It seems to me that that really gets to the point here, and your experience, Brock, as chairman, it just seems to me that the only way you really can do that is in the context of reconciliation. In other words, as painful as reconciliation is for the authorizing committees, for the committees that have created the entitlements, and for the Appropriations Committee to some extent, it

seems to me the only way you are ever going to really get a handle on expenditures is with reconciliation. In other words, if you are going to build a majority and try to make the changes in entitlements that may be necessary to control the growth of spending, the one way you can get that on the floor is through reconciliation.

So even though reconciliation was very painful for all of us a couple of years ago, that is the only way you can really address these things unless the authorizing committees individually are going to go back and change the formulas, themselves, which they have never been willing to do.

Mr. ADAMS. Mr. Dicks, I am not at all against the use of reconciliation. I think the problem that came with it was that it was put on too early in the process. In other words, you came with this huge bill, in the form of a substitute, and a lot of people felt well, it changes laws and does all kinds of things and we don't have time to study it. That is why I suggested—

Mr. DICKS. I agree with you on that totally, but the fact of reconciliation though is in some ways the only way you can ever get to those tough political problems.

Mr. ADAMS. Correct, and I think that you can do this by your first budget resolution setting forth what you want to do with them. Then you give the committees an opportunity to do it, and then you come with your reconciliation on a fixed date and say: If by that date this hasn't been done, the Congress votes as a whole. That is really what the second budget resolution or that process was intended to do. You know many say that is too cumbersome now. This becomes a very political matter for you.

As a matter of practical experience, I took on the triple dip the first time I was there. We didn't start with the double dip because it was too hard to take on. It took us three times through to win the triple dip. You know the triple dip is where you have got retirement from social security, retirement from the Government, and then retirement from the State government, and some had military retirement and retirement from a company.

We were trying to get a little element of fairness in there. We figured this one was fairly obvious and we thought we could win. If you are going to use reconciliation for that, you cannot gather all of your opponents together in one place or they will defeat you.

I believe that you can do a reconciliation such as the other year, a trial by ambush only once; after that, everybody is ready. If the reconciliation comes up and the majority is for it, yes, I agree with you. You have got to do it fairly. Everybody has got to suffer pain at the same time, so I agree with your comment on reconciliation.

Mr. DICKS. But let's go to the way it happened last time. It was around May 15. We said we are going to have reconciliation. We are going to make these specific amounts of reductions. We gave the committees a month to come back with their recommendations, very painful, but the committees did it.

Now the problem was in crafting the rule. We didn't get a rule that had majority support, so the opposition imposed their own rule, and then came forward with this big package, one vote, up or down, and they had the majority vote to impose those changes.

Mr. BEILENSEN. And it was written—

Mr. DICKS. It was written by OMB, but the majority was there to pass it. So I guess I just happen to believe that the only way you are ever going to really get this entitlement thing under control is to use reconciliation.

Pull it all together, because then as you mentioned, it would be some adjustments in defense, some adjustments in the entitlements, obviously some instructions on revenue raising or, say, changes in the third year of the tax cut or entitlements. It would give the whole thing a balanced approach. That, it seems to me, is the only way you are ever going to get to those entitlements.

Mr. ADAMS. I think you are correct. You can do that by stating what your binding resolution is, by stating that these things are expected to be done. You can make a date, for example, September 15 has been suggested, or the date of your return from the recess at that period, where a reconciliation bill will come up.

All committee recommendations will be on the floor together with the amendments that are suggested to meet the targets that you had set forth. In effect, you have a super appropriations bill, if necessary, instead of a continuing resolution.

All I am saying is that this should be done in the fall, when people have the time, and have had the opportunity to work their way through it. You have an idea of whether or not you have a working majority to do it; then the process can be tailored accordingly.

Mr. DICKS. We could argue about the fall. I honestly don't believe that last time there was a problem. There wasn't really a problem with everybody having had time to look at it. We passed it in May. We gave the committees a month to come back. They all did. We packaged it together. We went out there and got ambushed, but I do think that the committees did have an opportunity.

You could do that in the fall just as well. I am not saying you can't. It just seems once we get into the fall, we have got all those appropriations bills that are coming on the floor and continuing resolutions and elections. It may be it gives you more time to really do this job, if you do it early on in the year. That is the only thing I question.

Mr. ADAMS. You may well be right. What concerns me about the appropriations is that they become, if you don't use this 2-year cycle, hung up in the authorizing process; very few subcommittee chairmen want to go on the floor with a waiver of the authorization. Therefore that is what is slowing up your cycle and requiring more time in it. For this reason I suggest the split. That is why the split was created originally.

Mr. DICKS. To give more time for the authorization bills.

Mr. ADAMS. You have a reporting date in the spring from the committee, and then you have to have that time to go right through. It requires discipline. To me, the hammer is if you don't have it in by this date, we go. As a practical matter, you fight that out politically as to who gets mad and who doesn't, but yes, I think that you have got to create a package because you are dealing with fiscal policy. You have to have the whole bag together.

If you are going to have a revenue bill, you have to have it in there, too. I think the exigencies of the last couple of years have been placed on the budget process. It has taken the blame for two

big things that happened. One, institutionally we were falling behind, because so many subcommittees were involved in getting these things out and acted on. I mean, the housekeeping. To me, 13 appropriation bills are housekeeping. You have got to pass those bills so the Government will function.

The second thing is a massive change in fiscal policy placed into this process. The process is really a system of handling more at the margin or working up to it over a couple of years. You see, that is why I am not so worried about a President having to think about it for a while before dropping the hammer on the new program, except when you have some big national emergency.

We all like to deal in emergency situations because you pass bills in emergencies, but I am not at all certain that that is good for the financial stability of the Nation and of the world. The world, the free world anyway, hinges a great deal on us.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. BEILENSEN. Mr. Morrison, do you have any questions?

Mr. MORRISON. Just one question. Brock, of course, your experience can be very helpful to us as we look at this process. You mentioned early in your testimony that you were a member of several groups that are looking from the outside at the process, and while you don't pretend to be a spokesman for them, do you feel they are making progress? Would their recommendations at this point fairly well coincide with yours?

Mr. ADAMS. Yes. The basic recommendations are that the budget process be maintained. We have to get a handle on fiscal policy. Right now we have an open-ended deficit and, therefore, debt system running. That is scaring everybody. That is why these are broad bipartisan groups.

In other words, I notice you have Roy Ash here. You can ask Roy the same question. He and I made joint presentations on this. We both had the socks scared off of us by the present deficit projections. I am not against having a deficit for a year or maybe even 2 years or a deficit for a purpose, but back-to-back indefinite structural deficits in the country bring us together.

In the second group, we are in basic agreement that it is like a three-legged stool. You have revenues, you have the spending for the domestic programs and for defense. You have to do something to all three at the same time to hold your majority together. You can't separate one off from the others. You can't give away all the revenues and increase the spending and try to get the money out of a place where there isn't that much money flowing.

I kept the entitlement area in because there has to be something done in that area. To go after the discretionary programs or the appropriations won't do. We figured out in our statistics, Mr. Morrison, that by 1985, interest on the debt, the entitlement programs and defense alone will spend more than all revenues that will be brought in with the present taxes. So when you talk about waste and fraud—

Mr. MORRISON. It makes it tough on discretionary programs.

Mr. ADAMS. It makes it tough on all the departments. You then wipe out all of the U.S. Government with the exception of the Treasury Department, the State Department and the Defense De-

partment. People say there are a lot of bureaucrats. You could wipe them all out and you don't balance the budget.

Mr. DICKS. You still have a deficit?

Mr. ADAMS. You still have a deficit. That is all we are trying to say. We are not trying to tell the Congress how to do its business, which item is better than that. But overall, that fact is inescapable. The deficit is structural. In other words, when you have bought in defense, you have bought out 10 years; you should look just as firmly as you look into an entitlement program; when you cut revenues structurally, you lock for 10 years the same way.

What we are worried about is that the locks are in the wrong place, Mr. Chairman, and that isn't cyclical.

Mr. BEILENSEN. Can I break in here for a moment?

Mr. MORRISON. Please do.

Mr. BEILENSEN. I guess we all agree about the problem of these looming huge deficits, especially the structural ones where something obviously has to be done. The real question is whether the existence of the budget process has helped us keep down Government spending or keep the deficits lower than they otherwise would have been.

Some commentators have said, for example, that in order to put together a majority of the House or the Senate to pass a budget resolution, you have got to put enough money in various functions to get the votes from enough members on the floor to pass it. They feel it is very hard to point to specific committees with specific programs that have been kept lower because of the budget resolutions, with the exception perhaps of Mr. Reagan's year when it was all put into one big package that Norm was talking about.

We may be back to normal, for example, this year. There has been a restructuring of priorities. In past budgets we cut back some on defense and a little bit more on some domestic programs. But overall, as it is necessary for us to have a coherent response to the executive's budget, can we claim we have been saving money because of it?

Mr. ADAMS. Mr. Chairman, most of the major entitlement programs were passed prior to the existence of the Budget Act. Their effect came into being after the Budget Act was created. I think in most cases we did not know as Members of Congress what we had wrought. I sat on entitlement-type committees, and your projections were that AFDC, or this type of a defense program or that, its costs in the future were grossly underestimated. They were put in an ideal position by whatever department or agency came up.

That was the system before the budget process. So, I would answer that the budget process has lowered the deficit. I don't say that it is the ultimate or that it has succeeded, but these went through one at a time, and we got a report of what we had done on the budget in March of the year following. It would appear on the back page of the paper and it would say you fellows had a deficit last year.

We now know from the debate that has gone on that we are spending about 24 percent of the gross national product, and we are taxing out, my remembrance is, about 19. After we get finished with this exercise, we know that we may be at 21 percent spending and 19 percent revenues.

Now there is no way you can avoid having an enormous impact on the economy with that many percentage points of gross national product. You are going to have to borrow. We would not have known that before, because there wouldn't have been a challenge to the assumptions, and a challenge to the forecast.

And all I am saying is that you now have a vehicle where people debate. People, like myself, can join with people that are at another end of the political spectrum, and we both will agree that if you cut revenues down another percentage point, and you only get a half a percent off the spending side, you are going to be worse off. We would not have known that before.

Mr. BEILENSEN. We understand all that. You have avoided answering my question. My question is whether or not one can point to the existence of the budget process over the past several years as having contributed to lower deficits than we otherwise perhaps may have had. I don't know, everyone hopes that that is true, and certainly we do know more about government spending and the budget generally than we ever knew before.

Mr. ADAMS. I don't know of any new big entitlement programs in the last 2 or 3 years that have not received scrutiny. You are not passing any more of them.

Mr. BEILENSEN. That is true.

Mr. ADAMS. And when you go to another big entitlement—let's take the argument on the agricultural programs going on now, is PIK better? You are now focused on this entitlement program, whereas in the past we used to come in with three sets of figures on agriculture. We had the Commodity Credit Corporation and all the others, and we didn't know whether or not we were borrowing money from next year, paying back money. It was a rolling \$12 billion fund.

What I am saying to you is that through the budget process you might not realize it, but you have gotten a hold of the entitlements. You haven't done anything with them yet, but you have at least found them. I don't see people coming on now as they were in the 1960's and saying we got a new little program, it is only going to cost you \$10 million to do this. The first thing anybody asks them is: Yes; but what is it going to cost us 5 years out? Now that I think is essential.

Mr. BEILENSEN. We agree. We only wish you had established the process 5 to 10 years earlier.

Mr. DICKS. One of the things that happens is when all the entitlements were passed no one anticipated the kind of inflation we were going to have in the 1970's, especially in defense. That has caused real havoc in the procurement areas and made a lot of these weapons systems a lot more expensive than anyone could imagine. It caused a growth in the entitlement programs that no one could have anticipated.

I remember I was on the Senate staff when this thing was being passed. In those days, Congress would pass gigantic authorization bills to show its concern.

When the budget process came into effect that no longer occurred. It forced the Congress to focus on authorization totals. People were coming on the floor and saying, by the way, if we go with this, this and this, the bill is going to cost this much and we

cannot afford it or this committee's bill is higher than it should be. I think those disciplines have been good.

But think about impoundment, as terrible as it was—there was a kind of dictatorial discipline there that Congress has never been able to duplicate. We have not been able to exercise that kind of discipline because of the political problems and political sensitivity of these programs. We have not been able to make the same kind of tough crunching decisions that impoundment—

Mr. MORRISON. I just wonder as a newcomer to the process if reaction in the Congress to the impoundments didn't create a worse situation in which the authorizing committees wanted to charge forth and do their own things in those areas and somehow get around it.

Mr. DICKS. The idea was that we would take control, be responsible as a Congress. I would have to say, looking at the thing 10 years later, I am not convinced in my own mind that we have been able to exercise the kind of discipline that was anticipated.

Mr. MORRISON. We finally, through the process, have a handle on these things. But the bottom line is that we still don't know how to deal with them, to get them in control, as far as the big picture is concerned.

Mr. DICKS. That is correct.

Mr. BEILENSEN. I had better interrupt. We have a lot of other folks we need to hear from, too. It has been excellent talking with you. We probably better go on to our next witnesses.

Mr. ADAMS. Thank you, Mr. Chairman. I just want to say, Mr. Chairman, that to me the Congress reflects the democracy of the people of the United States. The answer to your question right now is the people of the United States haven't completely made up their mind as to what they want. It is being beautifully reflected in this process and in the Congress, and it is very painful.

Mr. BEILENSEN. We want more than we are willing to pay for at the moment.

Mr. DICKS. We want more and want to pay less.

Mr. BEILENSEN. That is right.

Thank you very much.

Our next witness is Hon. Elmer B. Staats, former Comptroller General of the United States, chairman of the Subcommittee on Budget Concepts and Processes, Committee for Economic Development. It is good to see you again. Things have gotten worse since you left.

STATEMENT OF HON. ELMER B. STAATS, FORMER COMPTROLLER GENERAL OF THE UNITED STATES, CHAIRMAN OF THE SUBCOMMITTEE ON BUDGET CONCEPTS AND PROCESSES OF THE COMMITTEE FOR ECONOMIC DEVELOPMENT

Mr. STAATS. Thank you for inviting us to be here today. You can see from my first paragraph I have had a long interest in this subject.

Like Brock Adams I am a member of the Committee for A Responsible Budget, which is to say I think this is the No. 1 problem we face as a country today. I believe the process has something to

do with the end results. I come back to the question you raised with Brock Adams toward the end.

Frank Schiff here is the chief economist and vice president of the CED and has been the project director for a major study of the committee for economic development which started last year, which we expect to be issued shortly. It still has to go through some review by CED's research and policy committee before it is issued. We would not expect much change in the final report.

You will note on page 2 that our project has had the benefit of help from three former budget Directors and four former Cabinet Secretaries-[see p. 35].

I would like to start my statement, and I apologize for reading it but this is a summary of a very long report. I think I can finish within the time.

To begin at the bottom of page 2. We believe that if Congress is to make optimal budget decisions, the budget needs to be fully comprehensive as well as clearly understandable. Specifically, we strongly support continued adherence to a unified budget that includes all activities by federally owned entities. Having the Congress focus and vote on one comprehensive unified budget is necessary to enable it to make informed decisions about overall fiscal and financial policies and also to establish priorities among competing claims on Federal fiscal resources.

For this reason, we recommend that so-called off-budget accounts be brought back into the unified budget. These include, particularly, the transactions of the Federal Financing Bank and also outlays of such entities as the Rural Telephone Bank and the strategic petroleum reserve. At the same time, we are opposed to taking important activities out of the unified budget, as has been suggested by some. In this connection, we urge the Congress to reverse its recent action to take social security out of the unified budget by fiscal year 1993.

We are also opposed to proposals for a formal capital budget that falls outside the unified budget. There is a strong risk that such a separate capital budget would become a giant loophole for evading existing budget disciplines and would prevent needed tradeoffs among investment type outlays and other types of outlays.

At the same time, we favor substantially greater focus on investment-type programs in budget presentations and on use of capital budgeting approaches within the unified budget, along lines that we shall spell out in considerable detail in our final report.

We also believe that credit programs and so-called tax expenditures should be brought under closer surveillance in the budget process. Unless this is done, there will be a substantial incentive to evade the strengthened disciplines on regular expenditures through greater reliance on credit and loan guarantee programs as well as on tax expenditures. We have seen a lot of evidence of that in recent years.

In the credit area, we favor fuller and permanent extension to credit programs of most of the budget control procedures now used in connection with direct spending. This should, in particular, involve a formal requirement that budget resolution ceilings on total gross new loan extensions and loan guarantee commitments be made binding. Since credit activities subject to this control process

would be those included under the credit budget, the proposed ceilings would automatically apply to off-budget as well as to on-budget activities.

Moving further in the direction of setting overall limitations should help in controlling the impact of Federal lending and guarantee programs on private credit markets. It would not, however, make it possible to make direct comparisons between the resource allocation effects of credit programs and of direct spending programs that have the same or similar purposes.

Congress should, for example, be able to make meaningful comparisons between Federal assistance to students that takes the form of grants and assistance for the same purpose that takes the form of loans. For this reason, we feel that an additional set of procedures is needed that will allow direct comparisons as well as tradeoffs between direct spending programs and the subsidy elements of credit programs serving similar goals.

Our report will make a number of recommendations for dealing with this problem. I shall not take time here to describe these in detail but could do so in the question period if you wish.

Mr. BEILENSEN. Excuse me. When will your report be available, do you know?

Mr. STAATS. It should be out—

Mr. SCHIFF. Sometime in June.

Mr. STAATS. We have the meeting of the Research and Policy Committee coming up within 2 weeks.

Mr. BEILENSEN. So it will be in the near future?

Mr. SCHIFF. We could give you some information probably by the end of the month after the main committee votes on it.

Mr. STAATS. If the draft report would be useful at this stage we could let you have it with the understanding that it might be subject to change.

Mr. BEILENSEN. Sorry to interrupt. Thank you.

Mr. STAATS. We also believe that it would be desirable if so-called tax expenditures and regular expenditures having the same or similar purposes were subjected to joint review by the relevant congressional committees. However, because of the difficulties involved in defining tax expenditures, we recommend that such joint reviews be limited to those instances in which the relevant committees of the Congress can agree that the tax provisions and direct expenditures involved are comparable in purpose and would readily lend themselves to such joint examination.

We do not favor inclusion of a ceiling on total tax expenditures in the budget resolution, mainly because we have serious doubt whether such totals are meaningful. We do think it is very important that where you have a tax subsidy or a tax credit and where you also have similar direct expenditures for the same program, and we have a number of those in the budget, that those be looked at together because they are alternative ways of carrying out that program.

Mr. BEILENSEN. You seem to be avoiding really coming down on the side of including a limitation on tax expenditures or including them in the overall view of the budget we take. You are saying we should look at them only when those expenditures are comparable to programs provided for by direct spending?

Mr. STAATS. I don't think it is difficult to identify in the budget those tax expenditures with identical or similar purpose.

Mr. BEILENSEN. Why? We are talking about \$300 billion worth of money that is lost through the tax code. I understand the philosophical arguments, but if you are interested in them at all it seems to me you would be interested in all of them.

Mr. STAATS. You should have all of them for informational purposes. What we are talking about here is the extent to which you would put limitations on, and the information with respect to tax expenditures is pretty well available now, and that isn't really the point that we are trying to deal with here in this particular situation.

Mr. BEILENSEN. OK.

Mr. STAATS. One frequent obstacle to informed debate on the budget has been the difficulty of determining whether differences in budget proposals reflect differences in economic assumptions or differences in policies or program levels. To help deal with this problem, we favor a formal requirement that the budget committees of the two Houses agree on a common set of economic assumptions as a basis for the concurrent budget resolutions and for evaluating proposals for individual budget programs.

However, preparation of these assumptions should remain the clear responsibility of these committees and should not be turned over to an outside group of experts as some have proposed.

Mr. DICKS. What about CBO?

Mr. STAATS. Some have suggested that may be the OMB and the two committees come into agreement. We do not see that as always feasible, but we do think it important that the two committees in the Congress agree on the economic assumptions that they will use for projecting the out-year programs particularly. For the entitlement programs that is terribly important.

The confusing thing has been that people read different figures and they are operating from different sets of economic assumptions. That doesn't mean that toward the end of the fiscal year; the two committees couldn't come into agreement on different economic assumptions; but we think it is important to have common assumptions on things like unemployment, increases in prices and so forth.

Mr. BEILENSEN. What about the CBO?

Mr. DICKS. The CBO assumptions.

Mr. STAATS. CBO would have to work with the two committees in doing it. The CBO would be a large part of the staff resource for this purpose.

Mr. DICKS. You wouldn't want to task them and say listen, you are responsible, you come up with the economic assumptions. You want to leave the committees with a right to adjust them, rather than just relying on CBO's economic assumptions, and requiring both the House and the Senate to use those?

Mr. STAATS. Right.

Mr. DICKS. Thank you.

Mr. STAATS. We also recommend that an explicit statement of economic assumptions should be associated with all important budgetary proposals brought up on the floor of Congress.

Let me now turn to our recommendations that deal more specifically with congressional budget procedures. We strongly support continuation of the basic elements of the congressional budget process initiated by the 1974 legislation and believe that further strengthening of that process is a vital precondition for sound and effective fiscal and economic policies.

In our view, the evolutionary changes in the budget process that have been introduced in recent years through reliance on the so-called elastic clauses have added to the strength of that process and should generally be retained, though in some cases with some modifications.

I would like to add I agree with what Brock Adams said about the motivating force behind the 1974 legislation, but I think in addition the point ought to be made that there was no place in the Congress for looking at taxes and spending and their combined effect on the economy.

The Joint Economic Committee held hearings on the economic report of the President, but the tax committees and the spending were all disassociated and literally it wasn't until the 13 bills had passed the Congress that anyone knew where the overall totals came out and the only place we got any consideration of the budget as a whole was when the debt limit came up.

Mr. BEILENSON. I don't think there is any disagreement about that or wanting to continue to have a process that provides that kind of overall viewpoint.

Mr. STAATS. The elastic clause itself should continue to be available as a needed means of applying the budget process in a sensible and flexible manner. At an appropriate point of time, however, significant changes in the process that have been made since 1974 should be formally incorporated in revised legislation.

To turn to specifics: We support a permanent change in budget procedures to make the first concurrent resolution binding, thereby eliminating the need for a mandatory second budget resolution. This seems necessary both to allow effective budget control—making only the second resolution binding is simply too late for that purpose—and to reduce the work burden on the Congress. Congress should, however, retain the option to pass one or more additional budget resolutions if this appears necessary.

A question arises whether a second resolution should be brought before the House in a situation where no specific new legislative action is required. Suppose, for example, that the economic situation has changed substantially from that assumed in the first resolution and that this implies much larger prospective deficits than those which the first resolution had projected. Some have suggested that in a situation of this kind, the Congress should automatically accept the changed budgetary outlook.

We feel, on the other hand, that a formal review of the revised budget numbers by the Congress should be required in this case and that the Congress should vote on these numbers in conjunction with a second budget resolution. However, it would be useful if in cases of this kind the Congress were to operate under rules that would limit the discussion of the second concurrent resolution solely to matters related to changes in economic conditions—plus, where appropriate, to the effect of other nonpolicy related changes

in conditions that affect budget outcomes, such as natural disasters.

This would reduce the work burden on the Congress by preventing a reopening of the full range of policy issues that were discussed in connection with the first resolution.

As a further step to strengthen budget enforcement, we recommend that the "outyear" targets in the budget resolution be made binding. We also recommend that points of order in connection with the budget resolutions should be tied to committee and subcommittee spending allocations, as well as to totals. We regard this as necessary to get around the weakness of the present system under which point of order limitations effectively apply only to the last bills that are brought up before the budget ceiling is reached.

We endorse the shift toward use of reconciliation in conjunction with the first budget resolution and its application to entitlements. This is the point which you discussed with Brock Adams a few minutes ago.

These changes from the initial reconciliation procedures are not only legitimate but essential to make reconciliation an effective enforcement tool under the budget process. Without this procedure, Congress would be virtually powerless to subject entitlements to budgetary control. On the other hand, we feel that some limitations on the scope of the reconciliation procedure are desirable.

Thus, there should be a strict rule that reconciliation bills should not be vehicles for extraneous legislative proposals.

You may recall that the Federal Communications Act was revised, was it last year or the year before?

Mr. BEILENSEN. Almost everything was done the year before, in the Gramm-Latta budget.

Mr. STAATS. Moreover, reconciliation should, for the most part, be used as a means of affecting entitlement and tax programs or programs having similar characteristics rather than discretionary authorizations.

We have also examined the possibilities for improving the timing of congressional actions on budgetary and other money matters, including particularly proposals for adoption of a 2-year budget cycle. In theory, at least, a biennial budget has many attractions. For many types of agencies and programs, appropriations covering 2 years or even more would clearly be justified. These programs do not require annual review.

Moving to a 2-year cycle would avoid the unnecessary cost and effort involved in the requirement for annual budget submissions and congressional votes. I am also strongly attracted by the argument of proponents of a 2-year budget in that it would allow substantially more time for careful consideration of authorizations and for increased oversight of Federal programs and agencies.

I made this point very strongly the last time I appeared before this committee.

It is not yet clear, however, that placing the entire budget on a 2-year cycle would necessarily be beneficial. The principal argument against biennial budgeting is that it may not work out as intended. Because of the difficulty of reasonably precise forecasts for more than 1 year ahead, a biennial budget might mean that additional budget resolutions as well as supplemental appropriations and au-

thorizations would become more frequent and troublesome than under the current system, resulting in less careful and integrated consideration of budget issues.

Various practical problems could also arise when it comes to structuring a 2-year budget cycle. For example, if all major congressional decisions involving money, including budget resolutions and appropriations bills, were scheduled for the first year of a new Congress, a new President would have to put revised budget policies into effect shortly after entering the office—allowing him little time for planning—but would then not be able to make his next major budgetary proposals until his third year in office.

Because there are still many unresolved questions with respect to a 2-year budget cycle, we do not favor an immediate, across-the-board shift to biennial budgeting. However, we recommend a more gradual approach toward extending the timeframe for budget and related funding decisions and legislation.

Mr. DICKS. This whole idea that a new President cannot affect the budget is overstated. A new President can come in and send up supplemental budget requests, ask for rescissions and deferrals. A new President within a matter of 2 or 3 months usually with the help of the OMB is in a position to send up changes in budgets, and I wonder if you are overestimating the difficulty that this presents to a new President.

Mr. STAATS. The point is made that, you know, he couldn't go through the whole process. I know what you are talking about. I helped three different Presidents make transition budgets. It is something that has to be done in a short timeframe, but it can be done, you are right.

Mr. DICKS. Since we are talking of the budget as a political document, the new President with his mandate or whatever should be able to come to the Congress with some strength early on. If he wants adjustments made in the budget I think that he can have a significant effect on the appropriations and authorizing committees.

Mr. STAATS. We are saying let's move slowly and be sure that we have got all the bugs worked out. I hope that at some point we will be on a 2-year budget cycle for the whole Government. That would allow the second year to be used primarily for authorizing and oversight activities.

The way it works now the Congress uses all its time worrying about the budget. You can understand how people get turned off, saying maybe the whole process is wrong and needs to be changed. I think that is really all—we are saying also that authorizations which now are made annually for most programs should be made at least for 2 years.

There have also been proposals to designate specific time periods when the Congress would give priority consideration to budget resolutions, authorizations, and appropriations. Such proposals deserve further study. We are, however, opposed to a proposal under which the Congress would be able to take up appropriations bills as soon as the deadline for adoption of the first budget resolution has passed, whether or not the resolution has actually been approved by the Congress.

Since under present procedures, passage of the first budget resolution is required before appropriations bills can be considered, the proposed change would take away a major incentive for support of timely budget resolutions within the Congress and could significantly weaken the budget process.

We believe that the increased use of continuing resolutions in the past few years has been thoroughly undesirable. In addition, the interpretation of current law which required the entire Federal Government to shut down following the President's veto of an omnibus continuing resolution in late 1982 resulted in needless and costly disruption of the Government process.

To avoid repetition of this type of unnecessary crisis, we recommend that a continuing appropriation automatically be put into effect at the start of the fiscal year for any account that has not yet received a regular appropriation. This appropriation would cease to have effect once the regular appropriation was adopted.

We couple this recommendation with two requirements designed to insure against misuse of the continuing resolution technique: First, a firm prohibition against inclusion of any new substantive provisions in such resolutions and, second, setting the amount of funds made available under the continuing resolution at a sufficiently low level to give both the Congress and the Executive a strong incentive to adopt a regular appropriations bill as quickly as feasible.

Our report also examines the pros and cons of various proposals for basic structural realignments in congressional committee processes and functions. Among these are the Obey proposal, the proposal for an omnibus appropriations bill, and various proposals for consolidating committees.

Since these are matters that deserve considerable further study, we have not yet taken detailed positions on individual proposals. However, our report will emphasize that we would be strongly opposed to any plan that would have the practical effect of weakening the budget process. I think this description definitely applies to the recent proposal for abolition of budget committees in the two Houses and for transforming these committees into subcommittees of the Appropriations and Tax Committees.

As I noted at the outset, we welcome the study of the budget process being undertaken by your committee as well as other studies now underway in both the House and the Senate. In our view, however, a comprehensive approach toward reform of the budget process should include two additional elements.

One of these should be the creation of a new Budget Concepts Commission composed of representatives of the President, the Congress and the public that would consider ways of strengthening the conceptual and informational underpinning for budget decisions and enforcement. Such a commission should be modeled on the earlier Budget Concepts Commission that made its report in 1967 and that led to the adoption of the unified budget. As I have mentioned, I was a member of that Commission.

Because such a commission would include representatives of all the key parties at interest as well as members who have great influence, there would be a high probability that the recommendations of the Commission would actually be put into effect. We

would be pleased to present our analysis and recommendations to such a commission.

Second, we believe that individual studies of budget procedures by the two Houses should be followed up by creation of a bicameral congressional study group that would include top leaders of both the House and Senate. Ultimately, the budget process cannot be considered solely as the responsibility of either the House or the Senate but requires careful joint consideration by the two Houses.

In conclusion, Mr. Chairman, let me reiterate my own strong conviction and that of the members of my CED subcommittee that a well functioning and strengthened budget process is essential for the viability of our economy and even our political system. The process as it has evolved to date has been a major improvement over the procedures in effect prior to 1974, but it is still widely regarded as somewhat experimental and tentative.

What is now needed are further improvements that will clearly establish the budget process as a fully viable, permanent feature of our governmental system. If it would be helpful, we would be happy to work with you and your staff members as CED's studies in this field go forward.

Thank you very much.

[Mr. Staats' prepared statement follows:]

Testimony of

ELMER B. STAATS

Chairman, Subcommittee on Budget Concepts and Processes

of the

Committee for Economic Development

on

The Congressional Budget Process

before the

House Rules Committee Task Force on the Budget Process

April 29, 1983

Mr. Chairman and distinguished Members of the Task Force:

The process of formulating and reviewing the Federal Budget has been of great interest to me over many years. I served in the United States Bureau of the Budget for more than 20 years, including the position of Deputy Director under Presidents Truman, Eisenhower, Kennedy and Johnson. I was appointed Comptroller General of the United States in 1966 and completed my 15-year term in March 1981. During my term as Comptroller General, I testified before both the House and the Senate in general support of the Congressional Budget Act of 1974. I served as a member of the Commission on Budget Concepts in 1967.

I am appearing here today in my capacity as a Trustee of the Committee for Economic Development (CED) and as Chairman of the CED Subcommittee on Budget Concepts and Processes. As most of you know, CED is a non-partisan, non-profit organization of 200 business and educational leaders who develop reports and recommendations on major public policy issues on the basis of careful discussion and research. Accompanying me is Frank Schiff, Vice President and Chief Economist of CED and project director for our budget study.

The Subcommittee which I chair has since last October worked intensively on a report on Federal budget concepts and processes and has reached preliminary conclusions. What I would like to do today is to report on those conclusions of the Subcommittee that will be of special interest to your Task Force. While I believe that these conclusions generally reflect the consensus of CED's trustees, I want to emphasize that they must still be reviewed by CED's Research and Policy Committee

next month before they are approved and incorporated in a final report, to be issued in early June.

I am attaching a list of the Subcommittee's members and advisers involved in the study. As you will note, they include people with considerable background in the budget area, including three former Budget Directors and four former Cabinet Secretaries.

We believe that bringing the federal budget under effective control is of critical importance for achieving the nation's economic goals. The prospect of continuously rising out-year deficits currently facing us unless strong countermeasures are taken is simply unacceptable. While success in controlling the budget fundamentally depends on the determination of the Executive Branch and the Congress to make the hard choices needed to bring the budget into reasonable balance, a properly functioning budget process is clearly an important factor in achieving such results. We are pleased that your Committee is undertaking an in-depth examination of this process.

Improving Budget Concepts and Information

In discussing the conclusions of our subcommittee, let me first turn to those that deal with budget concepts -- that is, with the information needed to make sensible budget decisions.

We believe that if Congress is to make optimal budget decisions, the budget needs to be fully comprehensive as well as clearly understandable. Specifically, we strongly support continued adherence to a unified budget that includes all activities by federally-owned

entities. Having the Congress focus and vote on one comprehensive unified budget is necessary to enable it to make informed decisions about overall fiscal and financial policies and also to establish priorities among competing claims on federal fiscal resources. For this reason, we recommend that so-called off-budget accounts be brought back into the unified budget. These include, particularly, the transactions of the Federal Financing Bank and also outlays of such entities as the Rural Telephone Bank and the Strategic Petroleum Reserve. At the same time, we are opposed to taking important activities out of the unified budget, as has been suggested by some. In this connection, we urge the Congress to reverse its recent action to take Social Security out of the unified budget by fiscal year 1993.

We are also opposed to proposals for a formal capital budget that falls outside the unified budget. There is a strong risk that such a separate capital budget would become a giant loophole for evading existing budget disciplines and would prevent needed tradeoffs among investment type outlays and other types of outlays. At the same time, we favor substantially greater focus on investment-type programs in budget presentations and on use of "capital budgeting" approaches within the unified budget, along lines that we shall spell out in considerable detail in our final report.

We also believe that credit programs and so-called tax expenditures should be brought under closer surveillance in the budget process. Unless this is done, there will be a substantial incentive

to evade the strengthened disciplines on regular expenditures through greater reliance on credit and loan guarantee programs as well as on tax expenditures.

In the credit area, we favor fuller and permanent extension to credit programs of most of the budget control procedures now used in connection with direct spending. This should, in particular, involve a formal requirement that budget resolution ceilings on total gross new loan extensions and loan guarantee commitments be made binding. Since credit activities subject to this control process would be those included under the credit budget, the proposed ceilings would automatically apply to off-budget as well as to on-budget activities.

Moving further in the direction of setting overall limitations should help in controlling the impact of federal lending and guarantee programs on private credit markets. It would not, however, make it possible to make direct comparisons between the resource allocation effects of credit programs and of direct spending programs that have the same or similar purposes. Congress should, for example, be able to make meaningful comparisons between federal assistance to students that takes the form of grants and assistance for the same purpose that takes the form of loans. For this reason, we feel that an additional set of procedures is needed that will allow direct comparisons as well as tradeoffs between direct spending programs and the subsidy elements of credit programs serving similar goals. Our report will make a number of recommendations for dealing with this problem. I shall not take time

here to describe these in detail but could do so in the question period if you wish.

We also believe that it would be desirable if so-called tax expenditures and regular expenditures having the same or similar purposes were subjected to joint review by the relevant Congressional committees. However, because of the difficulties involved in defining tax expenditures, we recommend that such joint reviews be limited to those instances in which the relevant committees of the Congress can agree that the tax provisions and direct expenditures involved are comparable in purpose and would readily lend themselves to such joint examination. We do not favor inclusion of a ceiling on total tax expenditures in the budget resolution, mainly because we have serious doubt whether such totals are meaningful.

One frequent obstacle to informed debate on the budget has been the difficulty of determining whether differences in budget proposals reflect differences in economic assumptions or differences in policies or program levels. To help deal with this problem, we favor a formal requirement that the budget committees of the two Houses agree on a common set of economic assumptions as a basis for the concurrent budget resolutions and for evaluating proposals for individual budget programs. However, preparation of these assumptions should remain the clear responsibility of these committees and should not be turned over to an outside group of experts as some have proposed. We also recommend that an explicit statement of economic assumptions should be associated with all important budgetary proposals brought up on the floor of Congress.

Strengthening Budget Procedures

Let me now turn to our recommendations that deal more specifically with Congressional budget procedures. We strongly support continuation of the basic elements of the Congressional budget process initiated by the 1974 legislation and believe that further strengthening of that process is a vital precondition for sound and effective fiscal and economic policies. In our view, the evolutionary changes in the budget process that have been introduced in recent years through reliance on the so-called "elastic clauses" have added to the strength of that process and should generally be retained, though in some cases with some modifications.

The elastic clause itself should continue to be available as a needed means of applying the budget process in a sensible and flexible manner. At an appropriate point of time, however, significant changes in the process that have been made since 1974 should be formally incorporated in revised legislation.

To turn to specifics: we support a permanent change in budget procedures to make the first concurrent resolution binding, thereby eliminating the need for a mandatory second budget resolution. This seems necessary both to allow effective budget control -- making only the second resolution binding is simply too late for that purpose -- and to reduce the work burden on the Congress. Congress should, however, retain the option to pass one or more additional budget resolutions if this appears necessary.

A question arises whether a second resolution should be brought before the House in a situation where no specific new legislative action is required. Suppose, for example, that the economic situation has changed substantially from that assumed in the first resolution and that this implies much larger prospective deficits than those which the first resolution had projected. Some have suggested that in a situation of this kind, the Congress should automatically accept the changed budgetary outlook. We feel, on the other hand, that a formal review of the revised budget numbers by the Congress should be required in this case and that the Congress should vote on these numbers in conjunction with a second budget resolution. However, it would be useful if in cases of this kind the Congress were to operate under rules that would limit the discussion of the second concurrent resolution solely to matters related to changes in economic conditions (plus, where appropriate, to the effect of other non-policy related changes in conditions that affect budget outcomes, such as natural disasters). This would reduce the work burden on the Congress by preventing a reopening of the full range of policy issues that were discussed in connection with the first resolution.

As a further step to strengthen budget enforcement, we recommend that the "out-year" targets in the budget resolution be made binding. We also recommend that points of order in connection with the budget resolutions should be tied to committee and subcommittee spending allocations, as well as to totals. We regard this as necessary to get

around the weakness of the present system under which point of order limitations effectively apply only to the last bills that are brought up before the budget ceiling is reached.

We endorse the shift toward use of reconciliation in conjunction with the first budget resolution and its application to entitlements. These changes from the initial reconciliation procedures are not only legitimate but essential to make reconciliation an effective enforcement tool under the budget process. Without this procedure, Congress would be virtually powerless to subject entitlements to budgetary control. On the other hand, we feel that some limitations on the scope of the reconciliation procedure are desirable. Thus, there should be a strict rule that reconciliation bills should not be vehicles for extraneous legislative proposals. Moreover, reconciliation should, for the most part, be used as a means of affecting entitlement and tax programs or programs having similar characteristics rather than discretionary authorizations.

We have also examined the possibilities for improving the timing of Congressional actions on budgetary and other money matters, including particularly proposals for adoption of a two-year budget cycle. In theory, at least, a biennial budget has many attractions. For many types of agencies and programs, appropriations covering two years or even more would clearly be justified. These programs do not require annual review. Moving to a two-year cycle would avoid the unnecessary cost and effort involved in the requirement for annual budget submissions and

Congressional votes. I am also strongly attracted by the argument of proponents of a two-year budget^{IN} that it would allow substantially more time for careful consideration of authorizations and for increased oversight of federal programs and agencies.

It is not yet clear, however, that placing the entire budget on a two-year cycle would necessarily be beneficial. The principal argument against biennial budgeting is that it may not work out as intended. Because of the difficulty of reasonably precise forecasts for more than a year ahead, a biennial budget might mean that additional budget resolutions as well as supplemental appropriations and authorizations would become more frequent and troublesome than under the current system, resulting in less careful and integrated consideration of budget issues.

Various practical problems could also arise when it comes to structuring a two-year budget cycle. For example, if all major Congressional decisions involving money, including budget resolutions and appropriations bills, were scheduled for the first year of a new Congress, a new President would have to put revised budget policies into effect shortly after entering the office -- allowing him little time for planning -- but would then not be able to make his next major budgetary proposals until his third year in office.

Because there are still many unresolved questions with respect to a two-year budget cycle, we do not favor an immediate, across-the-board shift to biennial budgeting. However, we recommend a more gradual approach toward extending the time frame for budget and related funding

decisions and legislation. This would involve active experimentation with the use of two-year appropriations and other longer-term funding arrangements for particular types of activities, depending on what makes the most sense from an economic and administrative viewpoint in each instance. We also recommend that authorizations should at a minimum be for a term of two years and in many cases be substantially longer.

There have also been proposals to designate specific time periods when the Congress would give priority consideration to budget resolutions, authorizations and appropriations. Such proposals deserve further study. We are, however, opposed to a proposal under which the Congress would be able to take up appropriations bills as soon as the deadline for adoption of the first budget resolution has passed, whether or not the resolution has actually been approved by the Congress. Since under present procedures, passage of the First Budget Resolution is required before appropriations bills can be considered, the proposed change would take away a major incentive for support of timely budget resolutions within the Congress and could significantly weaken the budget process.

We believe that the increased use of continuing resolutions in the past few years has been thoroughly undesirable. In addition, the interpretation of current law which required the entire federal government to shut down following the President's veto of an omnibus continuing resolution in late 1982 resulted in needless and costly disruption of the government process.

To avoid repetition of this type of unnecessary crisis, we recommend that a continuing appropriation automatically be put into effect at the start of the fiscal year for any account that has not yet received a regular appropriation. This appropriation would cease to have effect once the regular appropriation was adopted. We couple this recommendation with two requirements designed to ensure against misuse of the continuing resolution technique: First, a firm prohibition against inclusion of any new substantive provisions in such resolutions and, secondly, setting the amount of funds made available under the continuing resolution at a sufficiently low level to give both the Congress and the Executive a strong incentive to adopt a regular appropriations bill as quickly as feasible.

Our report also examines the pros and cons of various proposals for basic structural realignments in Congressional committee processes and functions. Among these are the Obey proposal, the proposal for an omnibus appropriations bill, and various proposals for consolidating committees. Since these are matters that deserve considerable further study, we have not yet taken detailed positions on individual proposals. However, our report will emphasize that we would be strongly opposed to any plan that would have the practical effect of weakening the budget process. I think this description definitely applies to the recent proposal for abolition of budget committees in the two Houses and for transforming these committees into subcommittees of the appropriations and tax committees.

As I noted at the outset, we welcome the study of the budget process being taken by your committee as well as other studies now underway in both the House and the Senate. In our view, however, a comprehensive approach toward reform of the budget process should include two additional elements.

One of these should be the creation of a new Budget Concepts Commission composed of representatives of the President, the Congress and the public that would consider ways of strengthening the conceptual and informational underpinning for budget decisions and enforcement. Such a commission should be modeled on the earlier Budget Concepts Commission that made its report in 1967 and led to the adoption of the unified budget. Because such a commission would include representatives of all the key parties at interest as well as members who have great influence, there would be a high probability that the recommendations of the commission would actually be put into effect. We would be pleased to present our analysis and recommendations to such a commission.

Secondly, we believe that individual studies of budget procedures by the two Houses should be followed up by creation of a bicameral congressional study group that would include top leaders of both the House and Senate. Ultimately, the budget process cannot be considered solely as the responsibility of either the House or the Senate but requires careful joint consideration by the two Houses.

In conclusion, Mr. Chairman, let me reiterate my own strong conviction and that of the members of my CED Subcommittee that a well

functioning and strengthened budget process is essential for the viability of our economy and even our political system. The process as it has evolved to date has been a major improvement over the procedures in effect prior to 1974, but it is still widely regarded as somewhat experimental and tentative. What is now needed are further improvements that will clearly establish the budget process as a fully viable, permanent feature of our governmental system. If it would be helpful, we would be happy to work with you and your staff members as CED's studies in this field go forward.

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A Unique Role

A long-term outlook and first-hand participation by top national business and university leaders give the Committee for Economic Development a special voice in national affairs.

CED's mission stems from the belief that the private sector should involve itself as early as possible in the development of the ideas that will eventually shape public policy. CED trustees choose issues for study, personally formulate and vote on solutions, and speak out vigorously for their adoption by business and government.

Because CED trustees represent no single industry group, special interest, or political affiliation, their recommendations have a special credibility among leaders in Congress, the executive branch, the media, and others who influence public policy and public opinion. Founded in 1942, CED is independent, nonprofit, and financed solely by business, foundations, and individuals.

Other Recent CED Studies

Public-Private Partnership in American Cities:
Seven Case Studies

Fighting Inflation and Rebuilding a Sound Economy
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Looking Ahead: Identifying Key Economic Issues for
Business and Society in the 1980s

Training and Jobs Programs in Action

Transnational Corporations and Developing Countries:
New Policies for a Changing World Economy

Thinking Through the Energy Problem

A copy of the last annual financial report filed with the
New York State Department of State may be obtained by writing to:

New York State Department of State
162 Washington Avenue, Albany, N.Y. 12231, or to

Committee for Economic Development
477 Madison Avenue, New York, N.Y. 10022
(212) 688-2063

1700 K Street N.W., Washington, D.C. 20006
(202) 296-5860



Committee for Economic Development

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Economic Development

A Special Voice In Public Policy

1983 Action Agenda

Productivity

Shaping a strategy for a more productive U.S. economy is a top priority for CED in 1983. William F. May, dean of New York University Graduate School of Business and former chairman of American Can Company, is heading an intensive study of measures that business, government, and labor can take to spur more efficient use of capital and human resources. Congressional and Administration officials are showing keen interest in CED's proposals on tax policy, business planning, and labor-management relations.

Federal Budget

Reduced federal deficits and a more effective budget process are essential for long-term economic stability. Elmer B. Staats, former U.S. Comptroller General, is chairing a CED project that will recommend measures to strengthen the concepts and mechanisms that underpin federal budgeting. Topics for study include federal credit programs, tax expenditures, off-budget activity, and the use of conflicting economic assumptions. Top federal officials, including Senate Budget Committee chairman Pete V. Domenici, have made special requests to preview CED's proposals before acting on the 1984 budget.

Industrial Strategy and Trade

There is growing recognition that domestic economic policies and foreign-trade policies need to be better coordinated. At the same time, it is critical for government to curtail its involvement in some key sectors of the market economy. A CED subcommittee chaired by J. Paul Lyet, head of the President's Export Council and former chairman of Sperry Corporation, is developing guidelines to help achieve these goals. Antitrust laws, labor market policies, and unfair foreign competition are among the issues being addressed.

"Your members bring priceless knowledge and experience from corporate and academic life to our public policy forums."

President Ronald Reagan



Fletcher L. Byrom, chairman of CED, testifying on Capitol Hill.

Education

Corporate leaders are becoming more concerned about the quality of U.S. public schools and their capacity to produce literate, adaptable job candidates. A project headed by Owen B. Butler, chairman of the Procter & Gamble Company, is assessing the impact of elementary and secondary education on the economy and on employers' labor needs. The CED group will examine such issues as science and mathematics instruction, teaching quality, special needs of urban schools, and roles for business-education partnerships.

Future Projects

**Economic Stabilization and Growth
Governing within States
Market System Safety Nets**

"Congress places high regard on the work of the CED."

Senate Majority Leader Howard H. Baker, Jr.

"CED has . . . persistently and honestly evaluated solutions to the hardest questions facing our economy and our society."

Senator Lloyd M. Bentsen

A Record of Impact

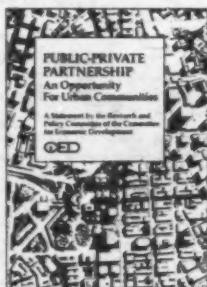
Urban Revitalization

The pioneering 1982 policy statement *Public-Private Partnership: An Opportunity for Urban Communities* has become a blueprint for localities that must deal with dramatic federal policy changes and massive shifts in resources. Based on more than four years of work, this CED report and a companion volume of case studies outline strategies that cities and towns can use to spur development and jobs, improve public services, and rebuild neighborhoods.

Business, government, and community leaders from coast to coast are putting CED proposals to use. CED representatives participated in planning sessions for the President's Task Force on Private Sector Initiatives, which in turn relied heavily on CED's work. Trustees and staff members have met frequently with top federal officials, mayors, and many other urban leaders to discuss ways to encourage future partnerships.

CED has been widely praised for its foresight and ongoing efforts to revitalize urban areas. In Los Angeles, Mayor Tom Bradley said, "I hope to manage this city along the same lines recommended by CED." National Urban League president John E. Jacob termed the policy statement the "most comprehensive expression" of business commitment to urban communities. "Required reading" added the Public Affairs Council.

Media comment has been equally positive. The *Memphis Commercial Appeal* said the report ought to be studied "in city halls and boardrooms across the country." The *Cleveland Plain Dealer* called it "a framework for stimulating the kinds of private-government cooperation that we believe can help fill some of the gaps left by reduced federal assistance."



"Exceptional."

*St. Louis
Post-Dispatch*

Retirement

CED has had a major impact on recent Social Security and pension reform debates. The comprehensive approach first recommended in *Reforming Retirement Policies* continues to amass bipartisan backing in government, business, the media, and civic groups.

Widely distributed on Capitol Hill, the policy statement led to five invitations to testify before Congress. Trustees also presented CED views in personal meetings with such officials as Richard S. Schweiker, Secretary of Health and Human Services; J. J. Pickle, head of the House Subcommittee on Social Security; and Alan Greenspan, chairman of the National Commission on Social Security Reform.

The part CED played in helping build consensus for reform has been broadly noted. Secretary Schweiker said, "I appreciate CED's participation." Senior White House aide Richard G. Darman added, "The first two of your recommendations have been included in our proposed bipartisan tax compromise." Senator Daniel P. Moynihan said, "The CED work will be of great help." While disagreeing with some of CED's proposals, Senator Gary Hart called them "thoughtful and farsighted" and said, "You have performed a great service." *Time* prominently featured CED's calls for reform, and they have drawn support from major editorial voices.



"A timely contribution."

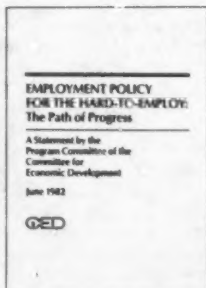
*Donald T. Regan
Secretary of the
Treasury*

Jobs

CED played a pivotal role in shaping the Job Training Partnership Act of 1982. Virtually all of the recommendations in CED's report *Employment Policy for the Hard-to-Employ: The Path of Progress* were incorporated into the bill signed by President Reagan. The new law strongly reflects CED's long-held view that the private sector should have greater opportunity to participate in the design and administration of federal jobs programs.

CED's role took many forms, including five appearances before various congressional hearings on job-training issues and involvement in compromise negotiations as the Administration, Congress, and lobbying groups tried to develop a consensus that would expand the role of business. During the year, CED representatives took part in over 60 meetings in all parts of the country to discuss local employment and training issues.

Employment Policy for the Hard-to-Employ is just the most recent example of CED's long involvement in human-capital issues. The report drew heavily from a landmark CED policy statement *Jobs for the Hard-to-Employ: New Directions for a Public-Private Partnership*, which laid the groundwork for a shift in federal job-training policy away from public-service jobs and toward the private sector.



"[CED has] long been involved in publicizing and promoting corporate efforts to address urban problems."

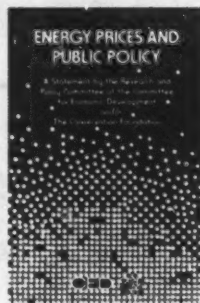
Wall Street Journal

Energy

CED helped spark renewed national attention on energy with *Energy Prices and Public Policy*, a project co-chaired by trustee Henry B. Schacht, chairman of Cummins Engine Company, Inc., and William K. Reilly, president of The Conservation Foundation. This joint effort led to a policy statement that underscored the need to let market forces govern the supply and consumption of energy.

CED and The Conservation Foundation were invited to lead off a series of hearings on natural gas policy before the House Subcommittee on Fossil and Synthetic Fuels. The report was hailed as a model of consensus building between business and environmentalists, two interests that have long differed on energy policy. Interior Secretary James G. Watt, who received an early draft of the joint statement, requested additional copies for distribution to the Cabinet Council on Natural Resources and the Environment, which he chairs. Numerous requests for the statement came from other policy makers, corporate representatives, and civic leaders.

The joint proposals generated nationwide coverage by newspapers and magazines, and CED trustees appeared on several network television programs, including ABC's "Good Morning America."



"This influential support may provide impetus for major revisions of national energy policy."

Boston Globe

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Mr. BEILENSON. Thank you, sir.

Mr. Dicks, Mr. Morrison, questions for the gentleman?

Mr. MORRISON. It was an excellent presentation, Mr. Chairman. While I agree with the approach to study and evaluate, my question is how do we get the authorizing committees to be willing to give up some of their turf so that we can make the budget process an effective one. Has your experience given the answers to that?

Mr. STAATS. Based on my work in this field as Comptroller General, I felt in 1974, and I think I still feel today, that maybe stronger representation from the authorizing committees on the budget committees would be worth considering. I sense a feeling even though they have a chance to put in their input at the beginning, I feel they are not really part of the process, and so I offer that as a personal view.

I think it would be worth considering.

Mr. BEILENSON. If the gentleman would yield.

Mr. STAATS. This is the price we have to pay for maintaining the basic element.

Mr. BEILENSON. One thing that has occurred is that the makeup of the Budget Committee was changed from the way it was originally proposed by the Joint Study Committee. It was supposed to consist of two-thirds of the members from the Appropriations and Ways and Means. The other one-third was to come from authorization committees. Now while they may not be the senior members of the authorization committees—in fact they are usually junior Members of the House—authorization committees generally speaking have a much larger proportion of the seats on the Budget Committee than they would have under the original proposal.

Mr. STAATS. So further participation might be worth considering I think.

Mr. BEILENSON. Some of the authorization committee chairmen have proposed that representation on the Budget committee include their representatives or perhaps the authorizing committee chairmen themselves—and that might strengthen the feelings of involvement in the budget process of some of these authorization committees.

Mr. STAATS. I feel very strongly that you have to maintain budget committees in the House and the Senate with the backstopping support of the CBO if this process is going to work. I am familiar with the history of the Appropriations Committee. When I was first appointed Deputy Director by President Truman we made a serious effort to get the Appropriations Committee to in effect become a budget committee. We had overall hearings on the committee and on the tax side. This lasted about 2 years and then it was dropped.

I think without the support of the committees in both the House and the Senate, with a specific charge that they have, I just don't believe the system is going to work.

You asked a question, Mr. Chairman, of Brock Adams as to whether or not you could point to savings. I am not sure that you can ever quantify this. I think you have to look at it though in connection with the idea of making the out-year period binding. That would help a great deal on the entitlement programs, and if your

entitlements are brought in on the reconciliation resolution, that would help.

Before I left office we made a strong recommendation to both the House and Senate Budget Committees that some limits be placed on the indexation of these entitlement programs. You have roughly half the total Federal budget that is either explicitly or implicitly adjusted annually to the cost of living.

Mr. BEILENSEN. It is that much?

Mr. STAATS. Almost half of it.

Mr. DICKS. I didn't get that point.

Mr. STAATS. Almost half of the total Federal budget is either automatically or implicitly adjusted annually to the CPI, including all the entitlements programs.

Mr. DICKS. If the goal is to control spending we have to come to grips with that issue; isn't that the bottom line?

Mr. STAATS. Unfortunately the administration opposed us.

Mr. BEILENSEN. Or we could index the defense buildup and save a lot of money.

Mr. DICKS. All those painful things.

Mr. STAATS. I think these three things together would help a good deal to answer your question of how do you get ahold of the uncontrollables in the budget.

Mr. BEILENSEN. That is a continuing problem.

Mr. STAATS. So many of these programs originated in the authorizing committees and bypassed the budget process.

Mr. DICKS. The reason for the so-called back door spending was to get around the annual appropriations process in the days when we thought we could do everything.

Mr. STAATS. Or to put it more crudely, to get around the Appropriations Committee.

Mr. DICKS. That is right.

Mr. BEILENSEN. Any other questions of Mr. Staats?

We thank you very much for appearing here.

Mr. BEILENSEN. Our next witness is Mr. James A. Clifton, Director, Federal Budget Policy, Chamber of Commerce of the United States.

Welcome. Thank you for coming today. The Chairman's intention is to continue through the witness list. We have two gentlemen coming next together and then four witnesses after that. We will keep going until we are through. Hopefully we can finish by 1 o'clock or thereabouts.

STATEMENT OF JAMES A. CLIFTON, DIRECTOR, FEDERAL BUDGET POLICY, CHAMBER OF COMMERCE OF THE UNITED STATES

Mr. CLIFTON. In consideration of that I will make my remarks very brief.

Mr. BEILENSEN. We have your full statement which will be entered in the record.

Mr. CLIFTON. Mr. Chairman, gentlemen, Mr. Roy Ash regrets he is unable to be here today and asked me to speak in his place.

We welcome this opportunity to present the chamber's recommendations for reforming the congressional budget process.

Our board of directors has approved five changes to the 1974 Budget Act. Make the first budget resolution binding and eliminate a mandatory second budget resolution; enact into law the existing procedural exercise of reconciliation with the first budget resolution; enact into law the existing practice of multiyear budgeting with budget resolutions and reconciliation; consolidate and simplify the impoundment process by adopting for rescissions the same congressional procedure now used for deferrals; give the President line-item veto power over appropriations bills.

We recognize that this last item is highly controversial, it indeed may even have constitutional problems, and our Board has approved it really in the spirit of it being a last resort to better efforts at budget control.

Our board is also on record in support of implementing a credit budget as part of the unified budget as set forth in the 1974 Budget Act. We supported the Mineta-Bethune bill in the 97th Congress.

While not yet a part of chamber policy, further budget process reforms now under consideration are: A capital budget account within the unified budget for nonmilitary infrastructure; an omnibus appropriations bill; and further enforcement mechanisms for budget resolutions below the aggregates to improve implementation of resolutions.

We feel the congressional budget process has worked tolerably well, especially given the workout it has received in 1981, 1982 and, it appears, again this year. The process is clearly in need of strengthening, however, especially in light of recent fiscal outcomes showing an upward drift in the GNP share of onbudget outlays.

I want to emphasize that this phenomenon is of continuing and great concern to our membership, particularly our small business members.

An analogy that best captures our position is that the process needs a major tuneup, less than a major overhaul but more than fine tuning. Some of the changes involve no more than incorporating into law recent procedural changes which have already facilitated and improved the operation of the 1974 Act. Others include such mundane but critical elements as standardizing Congress accounting procedures for the budget including economic assumptions, score keeping rules, the accounting basis for budgetary estimates including standard base lines between OMB and CBO, though we certainly do not include in that recommendation there having to be standard forecasts as between the two institutions, and similar definitions of entitlements as between the Senate and the House.

At the same time, the U.S. Chamber is sensitive to recent abuses of the budget process. We agree with the widespread sentiment of the Congress that reconciliation should not be used to change laws which have no budgetary implications, and should not be applied to authorizations for which there is a regular appropriations process. We are also sensitive to the criticism that the congressional budget process has become so time consuming that the quality of authorizing legislation and appropriations bills has suffered.

It may be reassuring for Members of Congress to know that early in their history, today's decentralized, multidivisional corporations struggled successfully with the same general type of problem the

Congress now has. A good example is Alfred P. Sloan's reminiscence over the financial crisis at General Motors in 1920 that led to its modern system of financial controls.

What lessons emerge from this experience that are useful in the context of congressional budgeting? There are two. First, any remedy for budget uncontrollability in large institutions will tend to lead to centralization of control, at least in its early phases. Second, workable decentralization can re-emerge only after the development of standardized financial instruments which allow freedom of decisionmaking and coordinated control at the same time.

The tendency toward centralized decisionmaking through the congressional budget process, especially in 1981, is not inherent to the process or permanent in character. To borrow the historical analogy from corporate experience, it only reflected the early stages of development of the congressional budget process. The primary challenge faced by that process now is one of insuring the implementation of budget resolutions through accounting and enforcement procedures which will effectively decentralize the budget process.

To continue the analogy with Sloan and General Motors, the budget process is now at the second part of its story—refinements which will make it possible to establish decentralized decisionmaking by legislative committees and subcommittees with coordinated budgetary control.

The procedures which will facilitate greater freedom of decisionmaking for legislators at a decentralized level include: (1) crosswalk allocations from function to committees; (2) enforcement of 302(b) allocations; (3) deferred enrollment of budget busting bills at a more disaggregated level of budgetary ceilings; (4) explicitly accounting for regular and supplemental appropriations within the 302(b) allocation process; (5) making 302 (a) and (b) allocations as consistent as possible between the House and the Senate; (6) further refining the use of reconciliation with authorizing legislation for those areas of the budget not subject to control through the 302(a)/(b) process; and (7) use of consistent methods of accounting and scorekeeping and identical economic assumptions for purposes of budgeting as between the Senate and House.

It is only through the implementation of such enforcement procedures that Congress will be able to avoid the type of centralized decisionmaking many critics feel was at the heart of the Omnibus Budget Reconciliation Act of 1981, and that indeed spawned the congressional budget process.

In contrasting the orderly and decentralized reconciliation process of last year with the centralized process of 1981, Representative Leon Panetta has provided the same insight in recent testimony.

And Mr. Panetta draws the same conclusion as Mr. Sloan did concerning workable decentralization and financial controls: Enforceability remains the heart and soul of a successful budget process.

The heart of financial decisionmaking in Government also lies in such comparisons, and it is to the credit of the General Accounting Office that it has recognized analysis of variance between budget resolutions and budget outcomes at programmatic levels is a significant gap in the existing process. Perhaps this should form a

regular chapter in the first budget resolution for the preceding fiscal year.

We commend this task force for all the work it has done on the congressional budget process. The process is now at a stage of evolution that will permit the decentralization of decisionmaking while maintaining coordinated control of budgetary and credit aggregates. To fully realize this great potential and avoid a return to centralized control will require an extremely judicious choice of reforms to the 1974 Budget Act.

We believe those supported by the Chamber are among the necessary reforms which will improve the budget process, and we hope you will give them every consideration.

[Mr. Clifton's prepared statement follows:]



Statement of the Chamber of Commerce of the United States

ON: REFORM OF THE CONGRESSIONAL BUDGET PROCESS

TO: TASK FORCE ON THE BUDGET PROCESS
HOUSE COMMITTEE ON RULES

BY: DR. JAMES A. CLIFTON

DATE: APRIL 29, 1983

The Chamber's mission is to advance human progress through an economic,
political and social system based on individual freedom,
incentive, initiative, opportunity and responsibility.

The Chamber of Commerce of the United States is the largest federation of business and professional organizations in the world, and is the principal spokesman for the American business community. The U.S. Chamber represents more than 220,000 members, of which more than 216,000 are business firms, more than 2,600 are state and local chambers of commerce, and more than 1,200 are trade and professional associations.

More than 85 percent of the Chamber's members are small business firms having fewer than 100 employees. Yet, virtually all of the nation's largest industrial and business concerns are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross section of the American business community in terms of number of employees, the U.S. Chamber represents a wide management spectrum by type of business and location. Each major classification of American business -- manufacturing, retailing, services, construction, wholesaling, and finance -- numbers more than 15,000 members in the U.S. Chamber. Yet no one group constitutes as much as 23 percent of the total Chamber membership. Further, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity and not a threat. In addition to the 47 American Chambers of Commerce Abroad, an increasing number of Chamber members are engaged in the export and import of both goods and services, and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

STATEMENT
on
REFORM OF THE CONGRESSIONAL BUDGET PROCESS
before the
TASK FORCE ON THE BUDGET PROCESS
of the
HOUSE COMMITTEE ON RULES
for the
CHAMBER OF COMMERCE OF THE UNITED STATES
by
James A. Clifton
April 29, 1983

My name is James A. Clifton. I am director of federal budget policy for the U.S. Chamber.

I welcome this opportunity to present the Chamber's recommendations for reforming the congressional budget process.

I. SUMMARY

Our Board of Directors has approved five changes to the 1974 Budget Act.

- o Make the First Budget Resolution binding and eliminate a mandatory Second Budget Resolution.
- o Enact into law the existing procedural exercise of reconciliation with the First Budget Resolution.
- o Enact into law the existing practice of multi-year budgeting with budget resolutions and reconciliation.
- o Consolidate and simplify the impoundment process by adopting for rescissions the same congressional procedure now used for deferrals.
- o Give the President line-item veto power over appropriations bills.

The last item is highly controversial, and may have constitutional problems. We view it as a "last resort" if all other efforts at better budgetary control fail.

The Board is also on record in support of implementing a credit budget as part of the unified budget as set forth in the 1974 Budget Act. We supported the Mineta-Bethune bill in the 97th Congress.

While not yet a part of Chamber policy, further budget process reforms now under consideration are:

- o a capital budget account within the unified budget for non-military infrastructure,
- o an omnibus appropriations bill, and
- o further enforcement mechanisms for budget resolutions below the aggregates to improve implementation of resolutions

The congressional budget process has worked tolerably well, especially given the workout it has received in 1981, 1982 and, it appears, again this year. The process is clearly in need of strengthening, however, especially in light of recent fiscal outcomes showing an upward drift in the GNP share of on-budget outlays.

An analogy that best captures our position is that the process needs a major tune-up, less than a major overhaul but more than fine-tuning. Some of the changes involve no more than incorporating into law recent procedural changes which have already facilitated and improved the operation of the 1974 Act. Others include such mundane but critical elements as standardizing Congress' accounting procedures for the budget including economic assumptions, scorekeeping rules, the accounting basis for budgetary estimates including standard baselines between OMB and CBO, and the definition of entitlements.

At the same time, the U.S. Chamber is sensitive to recent abuses of the budget process. We agree with the widespread sentiment of the Congress that reconciliation should not be used to change laws which have no budgetary implications, and should not be applied to authorizations for which there is a regular appropriations process. We are also sensitive to the criticism that the congressional budget process has become so time consuming that the quality of authorizing legislation and appropriations bills has suffered.

II. DIFFICULTIES IN CONGRESSIONAL BUDGETING: AN ANALOGY WITH CORPORATE EXPERIENCE

It is tempting to believe we can solve government's problems of budget control by simply transplanting the best-practice techniques of financial decision-making used by corporations. The obvious criticism, as pointed out in recent testimony by Office of Management and Budget (OMB) Director David Stockman, (October 15, 1982), is that there is no bottom line for public sector activities comparable to the corporation's. Further, the political pluralism and difficult process of consensus building characterizing government budgeting in a democracy is entirely different from the budgeting process of a corporation.

Nonetheless, it may be reassuring for Members of Congress to know that early in their history, today's decentralized, multidivisional corporations struggled successfully with the same general type of problem the Congress now has. Consider the following famous passage on financial decision making:

I have related how, in 1919 and 1920, in the absence of a system for control of appropriations, each division manager got his maximum request satisfied, without real effort on the part of the corporation to evaluate the request or to reconcile the total amount of all requests with the available funds. This, together with overruns on appropriations and the inventory rise, represented a drain on available funds which had to be met in some way. To get the money we sold common stock, debenture stock, and preferred stock, though not so easily or in such amounts as we expected; and before the year 1920 was out we had to borrow about \$83 million from banks. From then through 1922 we charged against income of the corporation about \$90 million for extraordinary write-offs, inventory adjustments, and liquidation losses, an amount equal to about one sixth of the total assets of the corporation. Financial control at this juncture was not merely desirable, it was a necessity. To survive we had to pull back from the brink and find a general solution.

The story of how we did it falls into two parts. The first part concerns how the corporation curtailed the excessive freedom of the divisions, which had gone so far as to jeopardize the survival of the corporation, and how we established control over them. The immediate remedies inevitably were centralizing in character, for the corporation could not afford to let its divisions continue to make the kind of mistakes they were making: the weak divisions threatened the existence of the

strong ones, and the strong ones themselves were operated more for their own than the corporation's interest. These centralizing remedies -- largely operating controls -- created a temporary distortion in our general policy which later had to be corrected in order to return to a workable decentralization. The second part of the story involves the development of the financial instruments which made it possible to establish decentralization with co-ordinated control.¹

If you were to substitute 'budget committee' for 'corporation', 'committee chairman' for 'division manager', 'deficit financing' for 'stock sales and bank borrowing' and keep the same meaning for 'reconcile', this passage might well have come from the Congress in recent debate over the scope and effectiveness of the budget process and the budget committees. In fact, it is Alfred P. Sloan's reminiscence over the financial crisis at General Motors in 1920 that led to its modern system of financial controls. What lessons emerge from this experience that are useful in the context of congressional budgeting? There are two.

- o Any remedy for budget uncontrollability in large institutions will tend to lead to centralization of control, at least in its early phases.
- o Workable decentralization can re-emerge only after the development of standardized financial instruments which allow freedom of decision-making and coordinated control at the same time.

The tendency toward centralized decision-making through the congressional budget process, especially in 1981, is not inherent to the process or permanent in character. To borrow the historical analogy from corporate experience, it only reflected the early stages of development of the congressional budget process. The primary challenge faced by that process now is one of ensuring the implementation of budget resolutions through accounting and enforcement procedures which will effectively decentralize the budget process.

¹ Sloan, Alfred P., Jr., My Years with General Motors (New York: Doubleday & Company, Inc., 1964), p.118-119.

To continue the analogy with Sloan and General Motors, the budget process is now at the second part of its story -- refinements which will make it possible to establish decentralized decision-making by legislative committees and subcommittees with coordinated budgetary control. The procedures which will facilitate greater freedom of decision-making for legislators at a decentralized level include: 1) crosswalk allocations from function to committees, 2) enforcement of 302(b) allocations, 3) deferred enrollment of budget-busting bills at a more disaggregated level of budgetary ceilings, 4) explicitly accounting for regular and supplemental appropriations within the 302(b) allocation process, 5) making 302(a) and (b) allocations as consistent as possible between the House and the Senate, 6) further refining the use of reconciliation with authorizing legislation for those areas of the budget not subject to control through the 302(a)/(b) process, and 7) use of consistent methods of accounting and scorekeeping and identical economic assumptions for purposes of budgeting as between the Senate and House.

It is only through the implementation of such enforcement procedures that Congress will be able to avoid the type of centralized decision making many critics feel was at the heart of the Omnibus Budget Reconciliation Act of 1981, and that indeed spawned the congressional budget process.

In contrasting the orderly and decentralized reconciliation process of last year with the centralized process of 1981, Representative Leon Panetta has provided the same insight in recent testimony.

I think you will agree that this year's (1982) reconciliation effort worked much more smoothly than reconciliation last year. In my opinion, the change we made in reconciliation that contributed most to the success we enjoyed this year was to allow committees to work independently and go directly to the House floor with their reconciliation packages. Four such packages were considered by the House this past summer, each of which passed by a substantial majority.

And Mr. Panetta draws the same conclusion as Mr. Sloan did concerning workable decentralization and financial controls:

Enforceability remains the heart and soul of a successful budget process.

One critical issue of enforceability on which Congress has not focused is ongoing comparisons between budget plans and actual results.

The unique thing was that it made possible the creation, based on experience, of detailed standards or yardsticks for working-capital and fixed-capital requirements and for the various elements of costs...The yardsticks thus established were compared with actual performance. The heart of the financial-control principle lies in such comparisons.²

The heart of financial decision making in government also lies in such comparisons, and it is to the credit of the General Accounting Office that it has recognized analysis of variance between budget resolutions and budget outcomes at programmatic levels is a significant gap in the existing process. Perhaps this should form a regular chapter in the First Budget Resolution for the preceding fiscal year.

If it is any comfort to Members now grappling with the budget process, General Motors also had an unfortunate affair with 'rosy scenario' during their process of evolving a set of workable financial tools.

Now what did this tale of internal conflict over statistics come down to? Essentially it was a matter of statistical controls versus salesmanship, which was brought to a head in 1924 by a recession in the general economy following directly upon the boom year of 1923. At that time the salesmen and the general managers were caught in the illusion of riding the wave.

Hence the need first to limit the divisions with a forecast of sales for the model year. But since this expectation could easily be upset by actual developments in the market, there was further need for a corrective device which would enable us to retreat from (or advance beyond) the expectation, and thereby also readjust the expectation.³

Great progress has been made in this area since 1981. This year's OMB and CBO forecasts are quite similar, and are clearly conservatively based for the explicit purpose of federal budgeting, with one exception. The inflation forecast in light of recent monetary behavior may be overly optimistic. Thus, the growth of indexed entitlements may be understated somewhat.

² Ibid., p. 142.

³ Ibid., p. 135.

I hope the corporate experience in budgeting will give you a measure of solace and hope as you work through these difficult problems. They are solvable.

III. THE RECORD OF FISCAL RESTRAINT UNDER THE 1974 BUDGET ACT

It is the ability of a budget process to control spending that is the test of its effectiveness. Budgets are not formulated because of the tendency of individuals and institutions to underspend. Quite the contrary, they exist to define upper bounds beyond which it is not prudent to spend. As discussed below, fiscal outcomes under the new budget process are certainly no better than under older processes, and may be worse, though this does not necessarily mean the process is at fault.

Table One indicates that under the new budget process, nominal growth of federal outlays has been higher than any comparable period since the Great Depression, with the exception of World War II. But this is not a very good measure of performance because inflation has been high since the new process was developed by comparison with earlier periods. Deflating outlay growth yields much the same conclusion, however. Real growth of outlays has been higher under the new process than any period since 1955 and will be considerably higher for FY 1983 than for 1981 and 1982. Spending growth has been lower under the new process by comparison with the depression decade of the 1930s, World War II and the Korean War period.

TABLE ONE

RATE OF GROWTH OF FEDERAL OUTLAYS BEFORE AND AFTER THE 1974 BUDGET ACT

Outlay Growth
(average annual rates)

Period (fiscal years)	Nominal	Real GNP deflator	Real-CPI
1929-39	11.0%	12.4%	13.1%
1939-45	47.9	43.0	43.5
1945-50	-14.4	-21.6	-20.4
1950-55	10.0	7.4	7.8
1955-60	6.1	3.6	4.1
1960-65	5.1	3.5	3.8
1965-70	10.7	4.2	6.5
1970-75	10.7	4.2	6.5
(1966-1974)	9.1	3.9	3.7
1975-80	12.2	5.0	2.3
1975-83	12.2	4.9	3.9
1976	12.4	6.8	6.1
1977	9.9	3.8	2.9
1978	12.0	4.2	4.0
1979	9.5	0.8	-1.6
1980	17.4	7.5	3.5
1981	14.0	4.1	3.3
1982	10.8	4.6	4.4
1983 ^e *	11.9	7.1	8.7

^e Estimate

* The House-passed First Budget Resolution for FY 1984 is assumed.

There are, of course, different measures of inflation. A growing proportion of federal outlays in recent years has been explicitly or informally linked to the Consumer Price Index (CPI). Since this fifty percent of the budget represents transfer payments to individuals, one can make a case for deflating recent budgetary growth by the CPI. On this basis, the performance of the new budget process looks better by comparison with the post-1960 period as a whole. The upward trend is worrisome but may be more a result of distortions in the CPI caused by positive and negative supply shocks.

Spending restraint under the new budget process is not necessarily best evaluated in the above terms. A better index of budget process performance is its ability to prevent crowding out of private sector activity. Table Two indicates federal outlays have increased as a percentage of GNP under the new budget process. This is not a new phenomenon; it has been going on for some time. Crowding out has not accelerated under the new budget process, at least not through 1979; but it has maintained its secular upward drift.

TABLE TWO
GOVERNMENT EXPENDITURES AS A PERCENTAGE OF GNP
UNDER THE NEW BUDGET PROCESS

Year	Federal Budget Outlays	Period Averages	Total Federal Budget Outlays*
1947	15.5%	14.6%	15.5%
1948	12.1		12.1
1949	14.8		14.8
1950	16.1		16.1
1951	14.6		14.6
1952	19.9	19.1	19.9
1953	21.1		21.1
1954	19.5		19.5
1955	17.9		17.9
1956	17.1		17.1
1957	17.7	18.7	17.7
1958	18.7		18.7
1959	19.5		19.5
1960	18.5		18.5
1961	19.2		19.2
1962	19.5	18.9	19.5
1963	19.2		19.2
1964	19.2		19.2
1965	17.9		17.9
1966	18.6		18.6
1967	20.4	20.6	20.4
1968	21.4		21.4
1969	20.3		20.3
1970	20.3		20.3
1971	20.5		20.5
1972	20.6	20.8	20.6
1973	19.7		19.7
1974	19.5		19.6
1975	22.0		22.6
1976	22.3		22.8
TQ	21.9	21.8	22.3
1977	21.5		22.0
1978	21.4		21.9
1979	20.8		21.4
1980	22.4		23.0
1981	22.9		23.6
1982	24.0	24.4	24.6
1983	25.2		25.7
1984	24.3		24.7
1985	24.1		24.4

*Includes off-budget expenditures.

Table Three is an index of how well the government has budgeted under new and old budget processes. In 1980 and 1981, especially, the absolute difference between original budgets and fiscal outcomes was dramatic -- on the order of \$48 billion in slippage per year. Slippage as a percentage of original budgets is a more valid index of the performance of the new budget process. Table Three shows that planning has been somewhat worse under the new budget process by comparison with the period 1955-1975. However, planning has not been uniformly worse under the new process. On average, it has been better by both the Executive Branch and Congress than in the 1966-1970 period and than before 1955.

TABLE THREE
BUDGETARY PLANNING UNDER THE NEW BUDGET PROCESS

	% Difference Between President's January Budget and Realized Budget	% Difference Between Congress' First Budget Resolution and Realized Budget
1947	7.6	
1951-1955	7.9	
1956-1960	4.6	
1961-1965	2.8	
1966-1970	4.8	
1971-1975	2.6	
(1969-1974)	1.4	
1976-1980	3.8	2.9
1976-1983	4.75	4
1976	4.4	.2
1977	2.1	2.8
1978	2.4	1.9
1979	1.3	.9
1980	9.0	8.9
1981	7.3	7.6
1982	4.8	4.7
1983 _e	6.7 _e	5.0 _e

_e Estimate

Congress' budget planning has been closer to actual budgetary outcomes than the president's planning under the new budget process. Three circumstances account for this better performance. First, the 1974 Budget Act considerably weakened the Executive Branch's ability to effect budgetary restraint. I do not want to get into the difficult circumstances leading to creation of the Budget Act, but the fact is that during the 1969-1974 period, budgetary slippage was very low by comparison with any preceding or succeeding period I have examined. Second, until planning for the 1982 budget most of the major savings proposals assumed in the President's budget were not assumed in Congress' First Budget Resolutions, even though the Budget Committees pressed for many of them. One could argue that Congress was more politically realistic in budget planning, or that it was less fiscally responsible. Third, Congress' better planning record is partly due to the fact that the First Budget Resolution is developed much closer to the start of a new fiscal year than the President's budget, and therefore has better forecasting data.

Interestingly, for the full period examined, 1947-1983, there is no secular improvement or deterioration in government's ability to plan its budgets. If the magnitude of slippage in 1980 and 1981 continues, however, it will mark an extraordinary setback for the congressional budget process. For fiscal 1983, we appear to be moving back toward deterioration after making some progress last year.

Tables Four and Five are indices of performance in meeting timetables set out in the 1974 Budget Act. The Second Budget Resolution has not worked as foreseen in the 1974 Budget Act. In planning fiscal years 1980-1982, the Second Budget Resolution was passed so far into the new fiscal year, it is not clear what its role is any more. Congress' approach of last year leans in the right direction of not requiring a mandatory second budget resolution.

Table Five indicates that the timetable for enacting appropriations bills has progressively deteriorated under the new budget process. The entire appropriations process appears in jeopardy despite substantial pressure from OMB last year to focus on enforcement of the appropriations process.

TABLE FOUR

CONGRESSIONAL ACTION ON BUDGET RESOLUTIONS

<u>Fiscal Year</u>	<u>Date resolution adopted</u>	<u>No. of days lag after 5/15 deadline</u>	<u>Date second resolution adopted</u>	<u>No. of days lag after 9/15 deadline</u>
1977	5/13/76	0	9/16/76	1
1978	5/17/77	2	9/15/77	0
1979	5/17/78	2	9/23/78	8
1980	5/24/79	9	11/28/79	74
1981	6/12/80	28	11/20/80	66
1982	5/21/81	6	12/10/81	86
1983	6/23/82	39	NA*	NA*

*The First Budget Resolution, under language provided in it, became the binding resolution automatically.

TABLE FIVE

CONGRESSIONAL ACTION ON REGULAR APPROPRIATION BILLS

	<u>No. of bills enacted within 7 days of Labor Day</u>	<u>No. of bills enacted by 10/1</u>	<u>No. of bills not enacted by end of fiscal year</u>	<u>No. of continuing resolutions</u>
1977	8	13	0	2
1978	8	9	1	3
1979	1	5	1	1
1980	0	3	3	2
1981	0	1	5	2
1982	0	0	4	2
1983	0	1	7 _e	2

_e Estimate

What do all these tables tell us about the ability of the new budget process to restrain the growth of federal spending? Tables One and Two show a secular incursion of "federal activity" on the private sector which began well before the new budget process but which continues unabated under the 1974 Budget Act. The private sector is being increasingly crowded out under the new budget process, as it was under the old process. This is remarkable, given the scope and complexity of the 1974 Budget Act and the new procedures and institutions it created. The data is consistent with the view that statutes and procedures are not a sufficient condition for getting federal

spending under control. They do not suggest that the new budget process has been markedly worse than past procedures on this score, but certainly no better.

IV. ISSUES IN BUDGET ACT REFORM

No fewer than twenty issues have been raised in testimony and other writing on the congressional budget process in the past year. These issues are summarized in Table Six.

TABLE SIX
BUDGET PROCESS ISSUES RAISED IN RECENT TESTIMONY

Appropriations	Impoundment
Balanced Budget Amendment	Investigative Commission
Budget Ceilings	Two-Year Budgeting
Budget Committees, Functions/Relations	Multi-Year Budgeting
Capital Budget	Off-Budget Items/On-Budget
Credit Budget	Oversight
Concurrent Fiscal/Calendar Year	Reconciliation
Economic Assumptions	Resolutions
Entitlements	Revenues/Expenditures
Executive Branch Role	Standard Data Procedures

Table Seven lists in order the issues of greatest concern as judged by the number of individuals covering these subjects. A high degree of agreement on what the major issues are, if not their solutions, appears to exist among senators, representatives, executive branch leaders, federal agency spokesmen and outside experts.

TABLE SEVEN
BUDGET PROCESS ISSUES OF GREATEST CONCERN

Rank	Senators	Representatives	Others
Top Concern	Multi-year budget	Resolutions	Credit budget
Second Concern	Reconciliation	Reconciliation	Resolution
Third Concern	Resolutions	Multi-year budget	Reconciliation
Fourth Concern	Credit budget	Capital budget (4)	Multi-year budget
Fifth Concern	Off-budget items	Credit budget (4)	Appropriations
Sixth Concern		Economic assumptions (4)	Impoundment (6)
			Off-budget items (6)

A consensus list of reforms among those working to strengthen the process are:

- 1) Eliminating the mandatory Second Budget Resolution,
- 2) Making the First Budget Resolution binding,
- 3) Regularizing the use of reconciliation with the First Budget Resolution,
- 4) Incorporating a credit budget by function into the First Budget Resolution in a decentralized fashion,
- 5) Including all off-budget spending in the Resolution and counting it as part of the deficit,
- 6) Reversing the recent decision to take Social Security out of the unified budget, and
- 7) Formalizing in the Budget Act the multi-year budgeting approach now used in resolutions and reconciliation.

Discussion of these in the House and the Senate has been informative and exhaustive. The fact that many of these reforms are already ongoing procedurally in each year's congressional budget process is testimony to there being some consensus for them.

The mandatory Second Budget Resolution now written into law has proven with experience to be largely duplicative, too time consuming and logistically unworkable. For these reasons, we support transferring to the First Budget Resolution the enforcement provisions now formally accorded the Second Resolution, including the reconciliation provision and the binding nature of the resolution on the Congress. Since more and more federal spending occurs outside the jurisdiction of the appropriations process, we further recommend strengthening the reconciliation process by formally expanding its scope to include all direct spending programs, not just new direct spending programs.

Data on off-budget spending and the growth of federal credit activity in toto bring home a clear lesson about the comprehensiveness of budget controls and their effectiveness. Unless uniform restraint across the board is applied, the pressure will cause uncontrolled processes to hemorrhage. Bringing off-budget spending and the credit activities of the government generally under the scope of the congressional budget process is a badly needed reform. Off-budget spending, and to some extent the entire credit activity of the federal government, is an escape clause from congressional budgeting in its present form.

The same logic of comprehensiveness for an effective budget process applies with equal force to Social Security. This is especially true now that Congress has passed a bill which changes somewhat the pure self-financing attribute of the Social Security system of the past.

Multi-year budgeting is an inevitable requirement of a successful budget process for the government. Legislative decisions often have little immediate budgetary consequence but significant consequences two or three years ahead. Multi-year budgeting also adds a measure of stability and continuity to federal activity that is necessary for military procurement and other long term spending activities. Finally, it allows Congress and the country to anticipate problems down the road and act on them before it is thrown into a situation of crisis management.

V. CONCLUSION

We commend this Task Force for all the work it has done on the congressional budget process. The process is now at a stage of evolution that will permit the decentralization of decision making while maintaining coordinated control of budgetary and credit aggregates. To fully realize this great potential and avoid a return to centralized control will require an extremely judicious choice of reforms to the 1974 Budget Act. We believe those supported by the Chamber are among the necessary reforms which will improve the budget process, and we hope you will give them every consideration.

Mr. BEILENSEN. We certainly will give them every consideration. Mr. Dicks, Mr. Morrison, do you have any questions for Mr. Clifton?

Mr. DICKS. Let me just make one comment. I think it was in former Congressman Adams' statement about dealing with the question of tax expenditures. I don't note in your comments any discussion of that part of the budget process. You get down to line item vetoes, and that is pretty tough stuff. If we are going to have that, should we have something in here about tax expenditures as well?

When we get down to budgetary control you cannot overlook that issue, can you?

Mr. CLIFTON. We feel it is also tough to see the continuing upward drift in the share of Federal expenditures on GNP. It has indeed in recent years been putting a number of our small business members out of business. Our taxation committee does not recognize the legitimacy of the concept of tax expenditures, and that has been the Chamber's official policy.

Mr. DICKS. I am shocked to hear that. This is very useful. I particularly appreciate the part where you show Government expenditures as a percentage of GNP and that history. I think this document is very useful.

Mr. MORRISON. Mr. Chairman, only to comment. I think the underlying or driving force in the Chamber's presentation says industrialized control is the answer. From everything we have heard today and in the last few weeks, lack of centralized control in our budget process is the dilemma we face, something the Congress is probably not inclined to address without a fight.

Mr. CLIFTON. If I heard you correctly, you are saying the thrust of our testimony is for centralized control. We feel that the thrust of our testimony is really for decentralized control. The analogy that we are trying to draw with the corporate experience is that one cannot move to decentralized decisionmaking and hope to have budgetary control without having procedures.

Mr. DICKS. Enforceability?

Mr. CLIFTON. Precisely. Insofar as we have looked at the evolution of the congressional budget process since 1974, it has come under legitimate criticism we feel for being too centralized but we also feel that workable decentralization requires enforcement mechanisms and implementing budget resolutions. The outcome of budget actuals compared to budget resolutions has been widely off the mark. It improved last year, but it appears this year there will again be a wide difference between congressional and Presidential budget plans and budgetary outcomes.

In fairness to the Congress and in fairness to the process, it is true that some of that deviation is due to poor forecasting, an inability to forecast well. Some of it is due to unforeseen events such as disasters, but a not inconsiderable proportion is also due to budgetary slippage. Our major work has primarily been on the problem of indexed entitlements, and we appreciate hearing about that problem this morning, because we do feel that the 100-percent CPI adjustment now paid—30 percent of the budget is legally indexed to the full change in the CPI, 20 percent is quasi-index programs—is an inequity compared with the COLA's paid in the pri-

vate sector which represent 60 percent of the increases in the CPI. Between 1978 and 1981 there was an inequity in indexing arrangements as between wage earners in the private sector and entitlement programs, including social security, that led to the need for recent consideration of social security funding.

Mr. DICKS. Just to go back, we agree, there is no question that entitlements have to be controlled, but it seems to me if we are talking about trying to create the kind of broad-based consensus that is necessary we are going to have to look at tax expenditures, too.

Mr. CLIFTON. I think the Chamber might reconsider its position on tax expenditures were the Congress in the context of an overall budgetary plan—to address the issue of COLA caps.

Mr. DICKS. I think that is what we are going to have to do if we are going to make the kind of changes you and I agree have to be made.

Mr. CLIFTON. We do not see that with our crystal ball at the moment.

Mr. DICKS. That was good to hear.

Mr. BEILENSEN. We have two gentlemen representing the National Association of Manufacturers, Arthur House, the vice president of government and industry relations for the CIGNA Corp., and Charles Leppert, associate director of national government relations, Procter & Gamble.

STATEMENT OF CHARLES LEPPERT, ASSOCIATE DIRECTOR OF NATIONAL GOVERNMENT RELATIONS, THE PROCTER & GAMBLE CO.

Mr. LEPPERT. Thank you, Mr. Chairman. I am Charles Leppert, and with me is Arthur House, the vice president of government and industry relations for the CIGNA Corp.

As subcommittee chairmen for NAM's fiscal and monetary policy committee, we appreciate this opportunity to comment on the congressional budget process, and we will summarize our remarks.

However, I would respectfully request, Mr. Chairman, that our complete statement be submitted for inclusion in the record.

Mr. BEILENSEN. It will be, Mr. Leppert.

Mr. LEPPERT. Two years ago, NAM established a new policy committee to specifically address Federal budgetary and monetary issues. In September of last year, NAM was invited by the chairman of the Senate Budget Committee, Senator Pete Domenici, to review the budget process and make recommendations for policy and procedural reform for consideration in the 98th Congress. Many of the suggestions that will be offered today stem from the efforts of the fiscal and monetary policy committee to respond to the Senator's request.

Specifically, four task forces, comprised of representatives from NAM member companies, were formed to address the issues of multiyear budgeting, impoundment procedures, Federal credit activity, and entitlement reform. Each of these task forces reported their findings to the full committee for its approval. More recently, a task force on reconciliation was formed to address the various enforcement provisions contained in the Budget Act. As this group

has not yet completed its recommendations, copies of its findings will be forwarded to you as soon as possible.

Multiyear budgeting. The NAM has consistently supported and continues to support, the purpose and objectives of the Budget Act. However, the ability of Congress to adhere to the timetable in the act has declined markedly since the process was initiated, substantially curtailing the ability of Congress to review other legislation.

NAM's fiscal and monetary policy committee endorses the concept and benefits of multiyear budgeting. Specifically, we recommend a biennial budget cycle, beginning in the first session of each new Congress. A budget resolution and all authorization and appropriations bills would be passed in the first year of the cycle, leaving the second year open for oversight and other legislation.

Whether or not the current 1-year cycle is retained or a 2-year cycle is initiated, however, several additional issues need to be addressed.

In any budget cycle, 1 year or 2, a difficult process could be made somewhat easier if all of the participants agreed on a current baseline. A single set of economic assumptions would clearly define the differences in budget totals that result from varying policy recommendations versus those that result from differing economic assumptions. Therefore, the fiscal and monetary policy committee recommends that a single set of economic assumptions be agreed upon by the Congress and the administration for all budget proposals.

Second, the question of the need for a mandatory second concurrent budget resolution must be addressed. We recommend that the totals included in the first budget resolution become binding, thereby eliminating the need for a mandatory second budget resolution. We further recommend that any modification to a budget resolution to increase spending should require a super-majority vote.

Last, if the first resolution does become binding, Congress should have the option to attach reconciliation instructions to the budget resolution. Any revised budget resolution should also be eligible to contain reconciliation instructions.

Impoundments. The NAM believes that the impoundment procedures contained in the Budget Act are adequate for providing congressional control over the impoundment of funds by the executive branch. While the authority to rescind and defer Federal funds may be useful to prevent unnecessary expenditures, we believe that it should not be used as a primary tool to reduce Federal spending or deficit levels.

Rather, policy and program revisions to control the growth of Federal spending must be accomplished through the authorization and appropriations processes, not through the impoundment of funds. Therefore, we do not advocate line item veto authority for the President.

In addition, the so-called fourth disclaimer of title X of the Budget Act should be clarified. This provision attempts to define which Federal expenditures are subject to impoundment by the President. Congress, the Office of Management and Budget [OMB] and the General Accounting Office [GAO] differ in their interpretation of the scope and duration of this provision. NAM believes that the fourth disclaimer should be considered a permanent and en-

forceable provision of the Budget Act. In addition, only entitlements as narrowly defined by the Budget Act, should be exempt from Presidential impoundment.

I would like to ask my colleague, Art House, to present NAM's views on Federal credit activity and entitlement programs.

**STATEMENT OF ARTHUR HOUSE, VICE PRESIDENT OF
GOVERNMENT AND INDUSTRY RELATIONS, CIGNA CORP.**

Mr. HOUSE. Thank you, Charlie.

Mr. Chairman, Congressman Dicks, prior to a discussion of our specific recommendations for Federal credit activity, it is necessary for me to reiterate an important point that has been emphasized in past NAM testimony. We continue to believe that all Federal spending and revenues should be included in unified budget totals. Past and current projections of budget deficits have fallen short of stating the true amount of Federal indebtedness because a portion of Federal spending, commonly referred to as off-budget outlays, is never included in budget estimates. We contend that off-budget spending should be transferred on-budget all at once.

The National Association of Manufacturers has long been interested in the impact of Federal credit activity on the national economy. The growth of these programs has contributed to the significant increase in Government absorption of available credit. This in turn has made it more difficult for private industry to service its own borrowing requirements, resulting in slower rates of capital investment and job creation.

First, Congress, the Office of Management and Budget [OMB], the Congressional Budget Office [CBO], and the General Accounting Office [GAO] should agree on definitions for all credit terminology. Currently, major differences exist in the interpretation of these terms. A unified effort would produce the reliable data necessary to assess and establish responsible levels of Federal credit activity.

Second, binding limits should be established in the budget resolution for all credit activities. These limits should then be enforced through the congressional authorization and appropriations processes, primarily through dollar appropriation limitations on credit activity. In order to unify Federal spending and credit activities, the same degree of control that is exercised over direct spending programs should be exercised over credit programs.

The language necessary to implement these changes has been developed and was included in the first concurrent budget resolution for fiscal year 1983. Similar language should become a standard part of the fiscal year 1984 and subsequent budget resolutions or should be incorporated into the Congressional Budget and Impoundment Control Act of 1974.

In addition, the Federal Government's total credit liability should be included in both the President's budget and in the reports accompanying all budget resolutions emanating from Congress. Default rates for individual programs should also be included in the President's budget to assist in program management and congressional oversight activities.

These measures are necessary to highlight the extent of Federal involvement in credit markets. Further, as part of its oversight responsibilities, Congress should review all credit programs. Priority for Federal funds should be established based on need, program efficiency and cost-effectiveness.

Fourth, funds for credit activities should be subject to the same impoundment and reconciliation procedures that are included in the Budget Act for other types of Federal spending.

Fifth, comprehensive statistics on all Federal lending activities should be compiled and a periodic analysis of all Federal programs should be prepared. Development of a credit budget, studies requested by congressional committees, and computer scorekeeping capabilities developed by the CBO have all been helpful in providing the necessary information, but much more is necessary to establish an accurate assessment of our Government's credit liabilities.

Finally, I would like to note that one of the recommendations we made in past testimony has been admirably addressed by the Congress. NAM recommended that Congress review and revise Federal debt collection practices. Since then, Congress has passed a debt collection bill. We applaud these efforts, and look forward to reviewing the results of improved Federal debt collection.

We agree, Mr. Chairman, with your comments earlier this morning about the growth in entitlement programs and their impact on the economy. That has also been a major concern of the NAM. As you stated, the uncontrollable nature of these programs has hindered numerous efforts aimed at bringing Federal spending more in line with revenues. Our Fiscal and Monetary Policy Committee believes that entitlement reform should be undertaken to insure that necessary programs accomplish their objectives in an efficient and cost-effective manner.

This entitlement reform can be achieved through existing congressional oversight procedures. However, the procedures must be strengthened to provide greater congressional accountability. We realize that the business community has its own responsibility in these efforts. Our recommendations and implementation of constructive alternatives may assist in reforming entitlement programs. We believe that successful entitlement reform will lead to the achievement of our common goal of economic recovery and stability.

Congressman Dicks inquired earlier as to how effective changes might be made and we'd like to recommend some steps which can be taken outside of the reconciliation process. As noted, we will provide our reconciliation recommendations upon their completion.

First, the congressional authorization committees should study all entitlement programs within their jurisdiction to determine which programs, if any, should remain as entitlements and which can be reconstituted as regularly authorized and appropriated programs. Pursuant to this task, Congress should determine if the original purpose of a program is still valid; if the eligibility criteria are too broad; and whether benefits are excessive.

Next, Congress should not create any new entitlement programs. This does not preclude Congress from creating new programs. Rather, it insures congressional control over spending levels that

would otherwise be relinquished if the benefits are established as entitlements.

Third, automatic cost-of-living adjustments for entitlement programs should be eliminated. Any future periodic adjustment that Congress deems necessary should require a recorded vote.

Last, a congressional study should be initiated to evaluate the feasibility of private sector administration and/or management of Federal entitlement programs.

Entitlements currently account for over 50 percent of Federal spending. While Congress has made vast inroads into spending practices for discretionary programs, entitlement spending has not received the same degree of attention or restraint. Such a large portion of the budget can no longer be ignored. Congress must begin to address this issue immediately if we are to be successful in our efforts to reduce projected \$200 billion deficits.

In conclusion, I would again like to thank you for this opportunity to present our proposals for budget reform. Our members gained a great deal of knowledge and a better understanding of the budget process while developing these recommendations. This insight will serve as an excellent basis for our future consideration of budgeting procedures. We hope that our comments on multiyear budgeting, impoundment procedures, credit and entitlement programs will be of assistance to you. We look forward to working with you as you develop your recommendations for Budget Act reform.

At this time, we would be happy to answer any questions.

[Prepared statement by Charles Leppert and Arthur House follows:]

TESTIMONY PRESENTED BY
CHARLES LEPPERT, JR.
PROCTER AND GAMBLE MANUFACTURING COMPANY
AND
ARTHUR HOUSE
CIGNA CORPORATION
ON BEHALF OF THE
NATIONAL ASSOCIATION OF MANUFACTURERS
BEFORE THE
HOUSE RULES COMMITTEE
TASK FORCE ON THE BUDGET PROCESS
APRIL 29, 1983

My name is Charles Leppert, Jr. I am Associate Director of National Government Relations for the Procter and Gamble Manufacturing Company. With me is Arthur House, Vice President of Government and Industry Relations for CIGNA Corporation. As subcommittee chairmen for NAM's Fiscal and Monetary Policy Committee, Mr. House and I are pleased to be here today on behalf of the National Association of Manufacturers. For your convenience, we will summarize our remarks. I request, however, that our complete statement be submitted for the record.

Two years ago, NAM established a new policy committee to specifically address federal budgetary and monetary issues. In September of last year, NAM was invited by the Chairman of the Senate Budget Committee, Senator Pete Domenici, to review the budget process and make recommendations for policy and procedural reform for consideration in the 98th Congress. Many of the suggestions that will be offered today stem from the efforts of the Fiscal and Monetary Policy Committee to respond to the Senator's request.

Specifically, four task forces, comprised of representatives from NAM member companies, were formed to address the issues of multi-year budgeting, impoundment procedures, federal credit activity and entitlement reform. More recently, a task force on reconciliation was formed to address the various enforcement provisions contained in the Budget Act. As this group has not yet completed its recommendations, copies of its findings will be forwarded to you as soon as possible.

The NAM has consistently supported the purpose and objectives of the Budget Act. However, the ability of Congress to adhere to the timetable in the Act has declined markedly since the process was initiated, substantially curtailing the ability of Congress to review other legislation.

NAM's Fiscal and Monetary Policy Committee endorses the concept and benefits of multi-year budgeting. Specifically, we recommend a biennial budget cycle, beginning in the first session of each new congress. A budget resolution and all authorization and appropriations bills would be passed in the first year of the cycle, leaving the second year open for oversight and other legislation.

Whether or not the current one-year cycle is retained or a two-year cycle is initiated, a difficult process could be made somewhat easier if all of the participants agreed on a current baseline. Therefore, we recommend that a single set of economic assumptions be agreed upon by the Congress and the Administration for all budget proposals.

Secondly, the question of the need for a mandatory second concurrent budget resolution must be addressed. We recommend that the totals included in the first budget resolution become binding thereby eliminating the need for a mandatory second budget resolution. We further recommend that any modification to a budget resolution to increase spending require a super-majority vote.

Lastly, if the first resolution does become binding, Congress should have the option to attach reconciliation instructions to the budget resolution. Any revised budget resolution should also be eligible to contain reconciliation instructions.

The NAM believes that the impoundment procedures contained in the Budget Act are adequate for providing congressional control over the impoundment of funds by the executive branch. While the authority to rescind and defer federal funds may be useful to prevent unnecessary expenditures, we believe that it should not be used as a primary tool to reduce federal spending or deficit levels. Policy and program revisions to control the growth of federal spending must be accomplished through the authorization and appropriations processes, not through the impoundment of funds. Therefore, we do not advocate line item veto authority for the President.

In addition, the so-called "fourth disclaimer" of Title X of the Budget Act should be clarified. This provision attempts to define which federal expenditures are subject to impoundment by the President. Congress, the Office of Management and Budget (OMB) and the General Accounting Office (GAO) differ in their interpretation of the scope and duration of this provision.

NAM believes that the fourth disclaimer should be considered a permanent and enforceable provision of the Budget Act. In addition, only "entitlements" as narrowly defined by the Budget Act, should be exempt from presidential impoundment.

I will now turn the podium over to my colleague, Art House, who will present NAM's views on federal credit activity and entitlement programs.

Thank-you Charlie.

Mr. Chairman and members of the task force, prior to a discussion of our specific recommendations for federal credit activity, it is necessary for me to reiterate an important point that has been emphasized in past NAM testimony. We continue to believe that all federal spending and revenues should be included in unified budget totals. Past and current projections of budget deficits have fallen short of stating the true amount of federal indebtedness because a portion of federal spending, commonly referred to as off-budget outlays, is never included in budget estimates. We contend that off-budget spending should be transferred on-budget all at once.

The National Association of Manufacturers has long been interested in the impact of federal credit activity on the national economy. The growth of these programs has contributed to the significant increase in government absorption of available credit. This in turn has made it more difficult for private industry to service its own borrowing requirements, resulting in slower rates of capital investment and job creation.

First, Congress, the Office of Management and Budget (OMB), the Congressional Budget Office (CBO), and the General Accounting Office (GAO) should agree on the definitions for all credit terminology. Currently, major differences exist in the interpretation of these terms. A unified effort would produce the reliable data necessary to assess and establish responsible levels of federal credit activity.

Second, binding limits should be established in the budget resolution for all credit activities. These limits should then be enforced through the congressional authorization and appropriations processes, primarily through dollar appropriation limitations on credit activity. In order to unify federal spending and credit activities, the same degree of control that is exercised over direct spending programs should be exercised over credit programs. The language necessary to implement these changes has been developed and was included in the first concurrent budget resolution for FY 1983. Similar language should become a standard part of the FY 1984 and subsequent budget resolutions or should be incorporated into the Congressional Budget and Impoundment Control Act of 1974.

In addition, the federal government's total credit liability should be included in both the President's budget and in the reports accompanying all budget resolutions emanating

from Congress. Default rates for individual programs should also be included in the President's budget to assist in program management and congressional oversight activities. These measures are necessary to highlight the extent of federal involvement in credit markets. Further, as part of its oversight responsibilities, Congress should review all credit programs. Priority for federal funds should be established based on need, program efficiency and cost-effectiveness.

Fourth, funds for credit activities should be subject to the same impoundment and reconciliation procedures included in the Budget Act for other types of federal spending.

Comprehensive statistics on all federal lending activities should also be compiled and a periodic analysis of all federal programs should be prepared. Development of a credit budget, studies requested by congressional committees, and computer scorekeeping capabilities developed by the CBO have all been helpful in providing the necessary information, but much more is necessary in order to establish an accurate assessment of our government's credit obligations.

Finally, I would like to note that one of the recommendations we made in past testimony has been admirably addressed by the Congress. NAM recommended that Congress review and revise federal debt collection practices. Since then, Congress has passed a debt collection bill. We applaud these efforts, and look forward to reviewing the results of improved federal debt collection.

The growth in entitlement programs and their impact on the economy has been a major concern of the NAM. The "uncontrollable" nature of these programs has hindered numerous efforts aimed at bringing federal spending more in line with revenues. Our Fiscal and Monetary Policy Committee believes that entitlement reform should be undertaken to ensure that necessary programs accomplish their objectives in an efficient and cost-effective manner.

This entitlement reform can be achieved through existing congressional oversight procedures. However, the procedures must be strengthened to provide greater congressional accountability. We believe that successful entitlement reform will lead to the achievement of our common goal of economic recovery and stability.

First, the congressional authorization committees should study all entitlement programs within their jurisdiction to determine which programs, if any, should remain as entitlements and which can be reconstituted as regularly authorized and appropriated programs.

Next, Congress should not create any new entitlement programs. This does not preclude Congress from creating new programs. Rather, it ensures congressional control of spending levels that would otherwise be relinquished if the benefits are established as entitlements.

Thirdly, automatic cost-of-living adjustments for entitlement programs should be eliminated. Any periodic adjustment that Congress deems necessary in the future should require a recorded vote.

Lastly, a congressional study should be initiated to evaluate the feasibility of private sector administration and/or management of federal entitlement programs.

Entitlements currently account for over 50 percent of federal spending. While Congress has made vast inroads into spending practices for discretionary programs, entitlement spending has not received the same degree of attention or restraint. Such a large portion of the budget can no longer be ignored. Congress must begin to address this issue immediately if we are to be successful in our efforts to reduce projected \$200 billion deficits.

Conclusion

In conclusion, I would again like to thank you for this opportunity to present our proposals for budget reform. Our members gained a great deal of knowledge and a better understanding of the process while developing these recommendations. This insight will serve as an excellent basis for our future consideration of budgeting procedures. We hope that our comments on multi-year budgeting, impoundment procedures, credit and entitlement programs will be of assistance to you. We look forward to working with you as you develop your recommendations for Budget Act reform.

At this time, we would be happy to answer any questions.

APPENDIX A

Fourth Disclaimer, as defined in the Congressional Budget and Impoundment Control Act, PL 93-344, 31 USC 1401:

Title X -

Section 1001. Nothing contained in the Act, or in any amendments made by this Act, shall be construed as -

- (4) superseding any provision of law which requires the obligation of budget authority or the making of outlays thereunder.

Entitlements, as defined in the Budget Act, PL 93-344 USC 1351:

Title IV -

Section 401.

(c) Definitions. -

- (2) For purposes of paragraph (1), the term "spending authority" means authority (whether temporary or permanent) -

- (C) to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriations Acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such law.

Such term does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government.

Mr. BEILENSEN. Thank you, Mr. House and Mr. Leppert, very much for your testimony which I found very reasonable and very helpful and much of which I personally agree with.

It was very helpful testimony and we appreciate all the effort you obviously put into developing it.

Do you have any questions?

Mr. DICKS. No. I think this is a very evenhanded and fair approach to what is a very difficult problem.

Mr. BEILENSEN. I guess you didn't talk about tax expenditures either, did you?

Mr. LEPPERT. We did not.

Mr. BEILENSEN. Do you have any feelings about that particularly?

Mr. LEPPERT. That is not within the jurisdiction of NAM's fiscal and monetary policy committee and we did not address that, Mr. Chairman.

Mr. DICKS. Mr. Chairman, I think that they responded very appropriately to Senator Domenici. I think if we are going to really do this we are going to have to look at credit budgets and tax expenditures, too. I can't think of anybody who would be more competent in this area than the National Association of Manufacturers to help us judge which of these really are meritorious. I think it would be a worthwhile exercise.

You might have to hold it in a closed session, with high security measures, but it would be—

Mr. BEILENSEN. We won't tell anybody that you are there.

Mr. HOUSE. I appreciate that, Congressman. We will report that back to the NAM and specifically to the committee which has jurisdiction over that.

Mr. BEILENSEN. Thank you for your testimony.

Our next witness is Robert Greenstein, director of the Center on Budget and Policy Priorities.

STATEMENT OF ROBERT GREENSTEIN, DIRECTOR, CENTER ON BUDGET AND POLICY PRIORITIES

Mr. GREENSTEIN. Thank you, Mr. Chairman, and Congressman Dicks.

I don't have a formal prepared statement and I will be fairly brief.

My testimony is going to be somewhat less comprehensive than some of the other witnesses. I would like to focus on some of the impoundment procedures.

I am director of the Center on Budget and Policy Priorities, a nonprofit, foundation funded, organization that works on budget issues and follows the budget process. I served in the Carter administration as Administrator of Food Stamp and Food Assistance programs. While my testimony focuses on impoundment programs, I want to comment on some of the items that other witnesses have testified on, particularly the Chamber of Commerce.

Congressman Dicks stated some interest in the table on page 9 of that testimony on Government expenditures as a percentage of the GNP [see p. 70]. I think there are a couple of aspects of that table that are worth noting and they may point, I believe, in a somewhat

different direction than perhaps the chamber would believe they point.

When you look at the table you notice that actually until over the previous 10 or 12 years the increases were not very major. Only in the last few years, 1980 on, have there been major increases. You have a jump in 1975 but that was because of the recession. Notice it falls down to 20.8 percent in 1979, the same amount as for the 1972 to 1976 5-year average. In fact, the only long-term increase occurs since 1980 and this is clearly a function of the recession, and of the defense buildup since then.

Now, there is an additional figure that is fascinating, one that is not well known. From 1975 to 1980, if you look at Federal, State, and local government expenditures (a figure published in 1981 under the Reagan administration), social welfare expenditures as a percentage of the GNP fell every year. They did not continue to rise higher during that period. Tax expenditures, by contrast, are where the fastest growing part of the Federal budget.

Tax expenditures were about \$37 billion in 1967. By early 1980 they were close to \$250 billion. Tax expenditures jumped from \$37 billion to close to \$250 billion over about a 15-year period. That is where the greatest growth has come.

Mr. DICKS. What was that time frame again?

Mr. GREENSTEIN. 1967 to the early 1980's. I did not bring the exact figures with me, but they were compiled by CBO. I am sure you can follow up with them on those figures.

Another fascinating figure is that in November or December the Treasury Department released a study requested by the Joint Economic Committee in which they looked at all individual as opposed to corporate, expenditures for which there is data and their income distribution. The Treasury data from 5 or 6 months ago found that 70 percent of the individual tax expenditures accrued to the 4.4 percent of the taxpayers with the highest incomes, a pretty startling figure. You couple that with the growth in tax expenditures and you find that social welfare spending as a percentage of the GNP had not in fact been rising.

If you had unemployment back down, with the Reagan budget cuts there would be a further significant decline.

Mr. GREENSTEIN. You pretty much get the picture. One final figure I think is interesting is that in the 1950's and 1960's, corporate taxes, corporate income taxes, contributed an average of 25 percent of Federal revenues.

In 1983, corporate income taxes are expected to contribute 5.9 percent of Federal revenues. That is a pretty startling decline.

Mr. DICKS. The President says we should repeal those.

Mr. GREENSTEIN. He came pretty close in 1981. He said it the other day in Boston. He said we should do away with them all.

Mr. BEILSON. The White House corrected him.

Mr. GREENSTEIN. Let me turn to what I would really like to focus on, and that is the rescission procedures. You have heard a lot of testimony—

Mr. DICKS. Rescission or reconciliation?

Mr. GREENSTEIN. Deferrals and rescissions, under the impoundment procedures in the Budget Act.

I gather most of what you have been focusing on or heard about is how a budget resolution should be passed, and how Congress should consider it.

I really urge you to pay a lot of attention to the impoundment procedures. I think they are a severe weakness in the current Budget Act. If Ronald Reagan should be elected and doesn't have to face the voters another time, we could see some very serious action on that.

Let me be specific. The Budget Control and Impoundment Act states that the President may propose rescissions of appropriated funds, and that either House of the Congress, can reject the rescission. However, the problem is that the time frame is 45 days of continuous session.

If you look at the legislative history in 1974, it indicates that the drafters did not intend that the funds actually be withheld unless and until Congress approved the rescission.

However, since OMB has not interpreted it that way, and GAO hasn't challenged OMB, what we now have in place is the following procedure:

If the President proposes a rescission, it automatically runs until 45 days of continuous session are up. Let's suppose that the Congress, votes to reject the rescission the next day. What happens?

Nothing. The funds remain withheld from obligation until the 45th day of continuous session, even though you have already rejected it. That makes little sense.

Now, the potential for abuse should be apparent. Congress is not always in continuous session.

It would be fairly easy for a President to request a number of rescissions late in the fiscal year, and have them turn, no matter what the Congress did, into full scale impoundments because September 30 could come before 45 days of continuous session were up. The funds would disappear and return to the Treasury even if the House had voted to stop the rescission.

GAO studied this several years ago, and was very disturbed by this. GAO reported that during the first two years, rescissions averaged 80 calendar days, because Congress sometimes wasn't in session.

There is, of course, the issue of the funds possibly never being spent. There is a further problem that even if the rescission does end after 45 days of continuous session, massive disruption could occur in the meantime.

A program I used to administer is the WIC program for women, infants and children. If you have a rescission for 45 days of continuous session, hundreds of thousands of low income, pregnant women during the key part of their pregnancies could be denied those food benefits.

You can't correct that. Increased low birth rates and other problems would occur.

Mr. DICKS. Has that occurred?

Mr. GREENSTEIN. In that particular program, there was a deferral proposed and put into effect in November of 1981 under President Reagan. We were fortunate that there were some carryover funds out in the field, and within a few weeks Congress took up a continuing resolution and hammered out a deal with the President.

The results weren't serious, but it clearly showed what could happen.

Senator Eagleton was so concerned that in last year's continuing resolution he inserted a provision that effectively said, notwithstanding the Budget Act, you can't propose a rescission in the WIC program, and you can't defer funds while Congress is out of session.

Obviously these kinds of things could occur in other programs as well.

Now, what could you do about it?

Well, there are certain approaches. First, I think the best approach would be to say that funds are not actually withheld from obligation unless and until Congress approves the rescission.

Short of that, there are several other types of changes GAO has recommended. No. 1, replace the 45 days of continuous session with 60 calendar days.

You can get endless months and months out of the current time limit if Congress, say, has an August recess.

Two, if you continue to allow funds to be withheld from obligation, while the rescission is pending, then there must be a provision, and GAO concurs in this, also, that requires the funds to be released as soon as either House of Congress votes to reject the rescission.

It is nonsensical for them to remain withheld for that full period after Congress has acted.

Third, there would have to be a provision to guard against the President proposing a rescission late in the fiscal year, and automatically getting it no matter whether its time frame was 60 calendar days or 45 continuous days.

There are a couple of other additional aspects. GAO can challenge the President on this, but there is a further provision that undermines any ability to do anything about it, and allows the President really to turn this into a full scale impoundment approach. If the Comptroller General notifies the Congress that something illegal has been done in this area, he has to wait 25 days of continuous session under the act before he can even file a lawsuit.

Under a recent court decision, no one except the Comptroller General has standing to file such a lawsuit. You have really got a situation, when you look at it altogether, where this can be turned into a kind of impoundment approach that I don't think was what the Congress intended and in fact was what the Congress wanted to get away from in 1974. As it currently exists, no private party seems to have standing to file suit if the President abuses it, GAO will take a long time, and the funds can disappear.

I would like to make two broader comments. No. 1, I do think, as I stated before, this is wide open for abuse. I fear that if Ronald Reagan is reelected and doesn't have to face the voters again, and if this isn't changed, we may see some serious use of rescissions.

I would also say that one of the only reasons this hasn't happened to a larger degree, or to any great degree, in the last 2 years is because what came out of the budget in the end was this combat, sometimes closing down the Government and then a negotiated agreement on these continuing resolutions. It was hard for him to then turn around and withhold the funds.

No. 2, I would have some fear that if proposals are adopted that would weaken or essentially gut the discipline of the budget process, what that would in turn do would be to lead to more impoundments, and we could have even more problems on that score.

I had a few general comments on reconciliation, but let me stop there. I guess the one principal comment I would make on that front is the Congress last year moved away from something that was done just once in 1981 which I would hope is never done again. Perhaps something needs to be put in the act, some procedures. I am referring to the use of reconciliation to deal with appropriated programs in ways that short-circuited authorization committees, created lots of block grants and things of this sort.

I think that kind of use of reconciliation is very different than the kind that was made last year in entitlement programs, and is more appropriate.

I do have one other concern in this area which will have to be dealt with shortly. I think the Budget Committee plans to deal with it in a very rational fashion.

That is we have this process where we can reconcile cuts, but we don't reconcile increases. The House budget resolution this year has some restorations, some add-backs in some programs in light of the weak economy, the high unemployment and the deep cuts of the last 2 years.

Those aren't reconciled.

I am not suggesting necessarily that they should be, but what we need to be careful of is that if an entitlement or other program is assumed to have an increase in the final resolution that emerges from the conference, and if that is put in a reconciliation bill, that it not be scored against, scored as a plus—let me try to be more clear.

Let's say a committee for example, the Ways and Means Committee, is told to save \$1 billion in one entitlement, and told to save \$1 billion in medicare, and let's say in medicaid, AFDC or another program, the resolution assumes an increase of \$200 million.

The way it now works, the reconciliation instruction wouldn't be \$800 million. It would be \$1 billion.

If the committee then puts the \$200 million in, that need not be counted in the reconciliation scoring. You wouldn't want it then said the committee only saved \$800 million, therefore, it violated the instruction when it did exactly what the resolution intended in the first place.

All I am trying to say is reconciliation should be neutral. It shouldn't be biased in one way or another, and this is not something that requires a change in the law.

It requires agreement among the members of the committees on how the reconciliation procedures are to be carried out, and hopefully that will happen in the coming weeks. Thank you.

Mr. BEILENSEN. That is very good. We appreciate your testimony very much, especially your discussion about the specific problems of rescission and other things that are very useful.

If you have any further ideas with respect to reconciliation or anything else in the budget process, I would be delighted if you send it along to us.

If, within the next week or two, you can submit any additional testimony by letter, please do so.

Mr. GREENSTEIN. I will do that. I would mention that there is a 4- or 5-year-old lengthy GAO report on rescission and deferral and it mentions a lot of these problems in the rescission area and includes a number of these recommendations.

Mr. BEILENSEN. If you have its title or its date anywhere and can make that available to us——

Mr. GREENSTEIN. I will.

Mr. BEILENSEN. We appreciate your bringing that to our attention.

Mr. GREENSTEIN. As a matter of fact, it is the GAO Review of the Impoundment Control Act of 1974 After Two Years. That is the title.

Mr. BEILENSEN. Thank you very much. It is very, very helpful to us.

Ms. Peggy Taylor, Legislative Representative, AFL-CIO.

STATEMENT OF PEGGY TAYLOR, LEGISLATIVE REPRESENTATIVE, AFL-CIO

Ms. TAYLOR. Thank you. I appreciate the opportunity to testify before you. I will try to be relatively brief.

We have just gone through an experience with the development of the first budget resolution for 1984.

Mr. BEILENSEN. It was a relief act.

Ms. TAYLOR. It was very much a relief. But we are cautious about those positive feelings for one of the reasons that Bob just raised: that there is nothing to enforce the implementation of the initiatives that were provided in that resolution.

Reconciliation has become a process exclusively for cutting programs and not for forcing implementation of initiatives, so our victories may be as symbolic as our defeats in the last couple of years have been real. We are still cautious about the process.

There is also nothing yet in law or in House rules to prevent reconciliation from being used as a mechanism for railroading cuts through the Congress as it has been used the 2 years before.

The use of the budget process has changed the relationship among the committees of the House. The Budget Committee has assumed more authority as the decisionmaking scope of the authorizing and appropriating committees has tended to be lessened.

The Budget Committee has really emerged as a precursive determiner of much of what goes on for the rest of the session of Congress.

It determines not only what issues will be considered, but also what timeframe and, therefore, how much deliberation can be given to the various issues.

One of the great frustrations of the budget process, I think, is it has elevated macroeconomic theory or economic debate to the status of a set of truths rather than a set of educated guesses.

The size of the deficit, the elimination of the deficit, the downward trend of the deficit have often become a controlling determinant in the debate on the budget resolution and in the subsequent course that Congress takes on issue after issue.

What we constantly hear about programs that are considered is what does it cost, not what is the need and what does this program do about the need that we are trying to address.

We tend to ignore the fact that deficit is based on two numbers that are estimates themselves, revenues and outlays, and that those in turn are contingent on a set of economic assumptions which are also estimates or possibly even hopes.

Basing decisions that fundamentally affect the quality of lives of millions of people on these estimates is really what we would consider a pernicious act, and, in fact, the Congress has shown no ability yet to control the deficit.

For example, the conference agreement on the first resolution in fiscal year 1982 declared that there would be a \$38 billion deficit, and in fact, the deficit for that year was \$111 billion, despite the fact that nearly all of the spending reductions that had been planned were achieved.

One of the things that you asked one of the earlier witnesses was whether the budget process had contributed to lower deficits, and the comment that I would like to make is I think it has clearly cut spending back from what it would have been had there not been a budget process, but it has not had an aggregate effect of cutting back on the deficit.

It did not stop those massive tax cuts that happened in 1981. According to the House Budget Committee report this year if you look at 1984 through 1988 inclusive, the net effect still of the 1981 tax cut—even when you discount the 1982 tax reforms and the Surface Transportation Act—is still around \$750 billion in revenue loss.

The primary problem that we have with the budget process is this bias. It doesn't seem to stop tax revenue losses from occurring, but it does effectively cut back the trend of spending.

Mr. BEILENSEN. That is a very real point which has troubled some of us before, too, some of us do not necessarily believe in additional revenues, but are terribly concerned with the figures that Mr. Adams gave which nobody has disagreed that indicate in fact, that we are not taking in and won't be taking in enough money to be paying for the kind of things that we propose to be spending that money on.

The bias of the whole process seems to be toward cutting expenditures and not necessarily raising revenues to meet even a moderate level of expenditures that people can agree is necessary. What some of us are looking for is a way to refocus the process.

Somehow attention is not focused on bringing in adequate moneys to pay for what we want. If you have any good ideas about that, we would certainly welcome them.

Mr. DICKS. I think one of the helpful suggestions today has been that we need to focus on just how much tax expenditures have grown, and what the impact of inflation during the seventies was on these budget numbers.

The problem is when you start seeing numbers like \$854 billion, when I can remember as a child they were arguing about a \$100 billion budget, the number comparisons are so gigantic that I think it throws people off in terms of being able to understand it. I think this tax expenditures question is one that we have not given enough thought.

Mr. BEILENSEN. Will you excuse me for about 2 minutes?

Mr. DICKS. I think politically it is always easier to cut taxes than it is to do almost anything else around here. People like to cut taxes.

It is easy to get a tax reduction bill through. In 1981, the Democrats were competing vigorously with the Republicans to see who could come up with the best tax bill, one that would gather the most support. Dealing with deficits is much more difficult, as is dealing with entitlements. Most of us support these entitlement programs, and in an ideal world we want to do all these things.

I supported the Budget Act, and worked on it as a Senate staff person. I am glad we enacted it. It came out at a politically traumatic time, but I sometimes wonder whether the old process had more bite to it.

OMB might argue but I think if you compare the past to when the Budget Act was put into place, we can fairly say we have had more discipline since Congress took over this responsibility.

I would even feel that would be a hard case to make, comparing the budget process to what it was before, because in the past, Presidents and OMB's would step in on certain things and say, no, we are not going to spend this money through their impoundment authority. That was real discipline, because there was no appeal unless you could get them to reverse their decision. That was the end of the issue unless you could reappropriate the money the next year and change their minds.

No one is suggesting going back to that kind of an approach except those who would suggest a line item veto. I don't think you are going to see that.

Why don't you go ahead and finish your statement? If you want to comment, go right ahead.

Ms. TAYLOR. I think I will just pull out a piece of the statement that comes later on to respond to what you are saying. In the abstract nobody can object to Congress trying to see things in the total context, and I think that part of the excitement of the budget process has been that a lot of people for the first time have a much better understanding of what the Federal Government does. But the problem that we have with this is that there is tremendous room for manipulation of the numbers within the process, and part of that is because we base the resolutions on economic assumptions, which are really only educated guesses.

I think that for a number of us, certainly myself included, I started out feeling that economics was a science, and that there was something real behind those numbers, and that economists were a higher form of human life. I think we found that that is not true.

Mr. DICKS. The dismal science.

Ms. TAYLOR. Yes. There is an economic theory to justify whatever you want to do. When the 1981 tax cut was going through, the people who wanted to put that tax cut through allowed themselves to believe in supply side economics for long enough to put the tax cut through, and now it is not turning out that way.

Mr. DICKS. As I recall, the idea was that if we pass this tax cut, that in 1983, or fiscal year 1982, we would have a growth rate of 5.4 percent of GNP. This would just automatically happen. Instead,

we have a minus 1.9-percent decline in GNP because of the recession, and I would argue because of the way the Federal Reserve conducted its monetary policies. But your basic point is that we have not been very good on economic assumptions, and in many cases, economic assumptions have been more politicized by the administration which does not want to admit that deficits are going to be as high as they probably will be, or that inflation may be as high as it could be, or that interest rates are going to be where they are.

In fact, for years in the defense budget, where I have some expertise, OMB would direct the Department of Defense to say that inflation is going to be 5 or 6 percent, because they felt if they really put in the honest number, then it would become a self-fulfilling prophecy in terms of the increase in spending on various defense programs.

I think your basic point is that the economic assumptions have not been very accurate, first of all, but I think one can also argue that they have been somewhat politicized by Democratic and Republican administrations to make things look a little better from their perspective.

Isn't that fair?

Ms. TAYLOR. Yes. I think that is fair. I also think that there is another nonpartisan problem here, which is that while the President may manipulate the economic numbers, but they also have a responsibility to be relatively optimistic and not to create negative self-fulfilling prophecies. But when the Congress is forced to live with those more optimistic economic assumptions in the face of probable economic decline, programs like unemployment insurance and food stamps that are keyed to the economy are underestimated. We end up having to live within those ceilings that were underestimated because of unrealistic economic assumptions—and somebody gets hurt.

Mr. DICKS. I think that is where the CBO has been very good because they have been able to usually come in with relatively fair numbers that are based on reality more than politics.

I think it has been very useful for the Congress to have the CBO there to offset the administration's bias.

In other words, to give Congress some real numbers to deal with.

Ms. TAYLOR. I would like to go back.

Mr. DICKS. Go right ahead.

Ms. TAYLOR. One of the continuing confusions, I think, about the first resolution is what is real and what is not real. The resolution is still described, sometimes in the media, sometimes in the Congress, as a series of targets, but, in fact, it has effectively become binding because of the use of reconciliation in the first resolution, the enrollment enforcement measures and the automatic second resolution.

In our opinion, the first resolution is the first very crucial vote that the Congress takes and often the most crucial vote that it takes because it sets the outside limits for what the Congress will do.

It sets the tone for what the rest of the Congress will do—again particularly in a negative vein, rather than in a positive vein.

The reconciliation and enforcement measures in the first presuppose that the Congress will not live within resolution targets. They also decrease the ability of Congress to reconsider the cuts—and they are line item cuts—that are assumed in the budget resolution when the more specialized committees, authorizing and appropriating committees, get a better idea of what the impact will be of those cuts.

At the same time one of the effects of the budget process is that there seems to be almost enumerable opportunities to make and re-making decision about program level, usually how to cut them. I think before we used to have an authorizing and appropriations process, and that was basically it.

When you had your appropriation, you knew where your program stood for a year. Now, if you are concerned about a program it has to be anticipated by the budget resolution, then by the 302B allocation, you have to get it through reconciliation, through an appropriation, perhaps through a second budget resolution, perhaps through another reconciliation, through rescissions and deferrals, and then possibly through several continuing resolutions. This works most often, I think, to the disadvantage of domestic programs.

In summarizing some of our major concerns, the budget process readily allows the pain of individuals that is caused by budget decisions to be obscured behind the rhetoric of macroeconomics, and it has conferred enormous power on the deficit just as a symbol.

It has enhanced the possibilities of massive confusion on the part of individual Congresspersons and the general public about what is the significance of what has happened at each step in the budget authorizations and appropriations process, and this in turn results in a lack of accountability.

The budget process, because of the time tables, has tended to diminish the democratic process of congressional debate and deliberation.

I mentioned the problem with the fertile ground for manipulation. I think that we saw less of that this year, but that may have been circumstance rather than any procedural change that has occurred that will reduce the possibility of manipulation of economic assumptions or outlay estimates.

Ms. TAYLOR. Since the power of the manipulation is in the hands of a very few people, I think those inside and outside the Congress who are relatively able to impact the programs that they care about have felt a growing resentment toward the budget process.

Mr. DICKS. Let me make a comment.

You know, and I think my record speaks for itself, I have been a strong supporter of domestic programs that are designed to help people. What you really see in the budget process looking at it over the past several years is that it really is a reflection of where the American people are at a given moment.

In 1980 the American people wanted Government spending brought under control and congressional action reflected that. But it was a terrible way to legislate. The Gramm-Latta resolution and reconciliation were procedurally flawed. If you look at what happened this year, which you agree was much better, it is still a reflection of what happened in the 1982 election. The American

people said we think we have gone too far, we know that a lot of people have been hurt by the recession, we know that these programs are important, and now you see a much more balanced result in both Houses.

Unfortunately, I don't think the message has gotten to the White House, but in the House and Senate you have seen a much more balanced approach and I think a reflection in policy of what was said out there in the 1982 campaigns.

Various groups may not like the results, but this is basically I think what the people were saying.

Do you disagree with that?

Ms. TAYLOR. I don't. As a matter of fact, I think that is correct and I think that to some extent the budget process has been scapegoated. I believe that when you have a recession, when you have the kind of insecurity that people were feeling in the 1980 election, there is a mood for cutting back Government spending. Perhaps because of Iran and international problems there was a consensus for building up defense. But I think the polls also showed that when you got passed the general idea of reduced Government spending that people weren't in favor of cutting a number of individual programs which were cut by reconciliation.

What happened in that resolution was in some significant sense reflective of the mood of the people but there was no opportunity to educate them as to what their mood was going to lead to in terms of impact on individuals. Now they have seen that impact. I think they were stunned by what happened to people and that might not have happened in there had been an educational process and it hadn't been steamrollered through the budget process.

I think the budget process as used by the President took advantage of a national mood to implement a far more radical notion of the change of the role of the Federal Government than underlay that general mood.

Mr. DICKS. I think that is a fair response.

Go ahead.

Ms. TAYLOR. Actually, may I say one more thing. Just to get back to whether the budget process contributed to lower deficits, it has and it has slowed down spending, but when you talk about tax expenditures, I think one of the things that you have to think about is whether the budget process will have any ability to discriminate as to which tax expenditures it goes after.

Putting aside for a moment the technical difficulty of estimating the use of tax expenditures, right now when you go after domestic entitlement programs, the size of the entitlement, the reconciliation cut that you directed different committees really more or less predetermines where they are going to have to take the cuts. They may have room within the programs, but if you direct Post Office and Civil Service, they are going to have to take cuts of the programs that you intended them to. But if you put a tax expenditure instruction toward Ways and Means, there is no way to target within that committee as to what kinds of tax expenditures you are going after.

Mr. DICKS. Why?

Ms. TAYLOR. You would have a tax raising instruction which right now I think is the best way we have of getting at tax expenditures.

Mr. DICKS. One way to raise revenue is to deal with tax expenditures.

Ms. TAYLOR. It is, but there still is an equity and a fairness problem in that the budget process doesn't have the ability to say go after tax expenditures that go to that 4.4 percent of the highest income individuals, that go to corporate tax expenditures.

I think there is an inequity with a reconciliation against spending, because the way spending is spread over committees pretty much targets specific programs, but if you go after tax expenditures there is no comparable ability to get at tax expenditures you want to get at. Sitting listening to the testimony it struck me there is that possibility for inequity.

With regard to a couple of the issues that you raised in your letter, we have summary suggestions about the way Congress could improve its budgets. We do support the notion of making the Budget Committee more of a leadership committee. The wide consultations that went on this year were positive, we think. I think that we need the ground rules more clearly understood and assuring the budget alternatives on the floor are clearly understood is important. Also there ought to be ways to minimize the manipulation of the numbers in the resolution.

In terms of the relationship between the authorizing appropriations and committees and the Budget Committee, we hope that there could be a better way to distinguish between symbolic and real time decisions. We think that the spending committees who have the depth of program expertise should retain total flexibility over the 302(b) allocations. We think the time tables should give the authorizing and appropriating committees sufficient time for deliberation and completion of the work.

I am not sure a month will be enough time. We didn't have enough time in 1981.

Mr. BEILENSEN. Because we didn't do ourselves any good? Apparently they have been working on it for some time.

Ms. TAYLOR. We believe that it is very worthwhile to consider wholesale restructuring of the budget process. We don't think that marginal changes will suffice. We think that House Resolution 65 would be helpful in clarifying the ground rules for the immediate future but would encourage you to look at more fundamental change.

While we are not prepared to endorse a specific program, we think that both the Obey and Dingell proposals ought to be looked at very closely. From our perspective the Obey proposal addresses the important issue of accountability and it goes to the problem of the power of the deficit. The notion is that if you have to have the real decisions on the floor at the time you are computing the deficit you know much better what the impact is of the decision that you are making.

[Ms. Taylor's prepared statement follows:]

**STATEMENT OF PEGGY TAYLOR
LEGISLATIVE REPRESENTATIVE, DEPARTMENT OF LEGISLATION
AMERICAN FEDERATION OF LABOR & CONGRESS OF INDUSTRIAL ORGANIZATIONS
BEFORE THE BUDGET PROCESS TASK FORCE OF THE COMMITTEE ON RULES,
U.S. HOUSE OF REPRESENTATIVES
ON THE CONGRESSIONAL BUDGET PROCESS**

APRIL 29, 1983

The AFL-CIO is pleased that the House Rules Committee convened a Task Force to examine the budget process. We appreciate the opportunity to provide you with our views.

The budget process has changed the relationships among Committees within the Houses of Congress. While the Budget Committee has assumed more power, the scope of the decision-making authority of the authorizing and appropriating committees has significantly diminished. The Budget Committee has emerged as the precursive determiner of a vast amount of the legislative agenda to be considered within a given session of Congress. Not only has the Budget Resolution affected what issues will be considered, but has determined the timeframe and, thereby, the amount of public debate and deliberation possible.

While we have just gone through a fairly positive experience in the House in the development of the First Budget Resolution for FY 1984 -- where a relatively accomodating resolution was developed after extensive consultations among Democratic House members and with constituents of federal programs -- we are still very cognizant of two facts:

1. There is nothing to prevent the budget process from being used again as it was for the previous two years -- to railroad through the Congress with minimal deliberation very substantial, destructive changes to federal domestic programs.
 2. There is nothing in the FY 1984 resolution to insure that what was allowed for will actually happen. Reconciliation is now a process for cutting programs; there is no mechanism to force program initiatives.
- Our victory may be as symbolic as our defeats were real.

The budget process has provided a premiere role in public policy making for the federal deficit level. The size of the deficit, the elimination of the deficit, the downward trend of the deficit have become an often controlling determinant in debate on the budget resolution and in the subsequent course Congress takes on issue after issue. For the past two years the question asked is almost always "what does it cost?" and infrequently "what is the need and what does this program do?"

But we tend to ignore the fact that the deficit in the first resolution, which is so controlling, is a number based on two estimates, revenues and outlays, which are themselves dependent on a set of economic assumptions which are an estimate or a hope.

Basing decisions that fundamentally affect the quality of life of millions of people in the name of achieving a given deficit target is a pernicious act. Because Congress has, in fact, no ability to control the deficit. For example, the conference agreement on the First Resolution for FY 1982 declared a \$38 billion deficit for FY 1982; the actual FY 1982 deficit was \$111 billion despite virtually all of the savings required being achieved. Similarly, the conference agreement in the First Resolution for FY 1983 declared a \$104 billion deficit for FY 1983; the current law CBO projection is now \$194 billion for FY 1983.

There is continuing confusion in many people's minds about what is and is not "real" about the first resolution. While the first resolution is still sometimes described as a series of targets, it has, in effect, become binding through the use of reconciliation in the first resolution, the enrollment enforcement measures and the automatic second resolution. In our opinion, the first resolution sets the tone and the outside limits for what the Congress will do for the rest of the session. A binding first budget resolution presupposes that Congress will not live within targets. It also decreases the ability of Congress to reconsider resolution assumptions for program cutbacks when the detailed impact of these cuts is better understood through the deliberations of the more specialized authorizing and appropriating committees.

At the same time one of the effects of the budget process is that there are now seemingly innumerable opportunities to make and remake decisions about program levels -- usually about how much more to cut them.

Let me attempt to summarize our major concerns about the budget process as it has operated:

- The process readily allows the pain to individual people caused by budget decisions to be obscured behind the impenetrable rhetoric of macroeconomics.
- It has conferred enormous power on a new symbol -- the Federal deficit -- whose true size and impact we have very little ability to predict.
- It enhances the possibility of massive confusion on part of individual Congresspersons and of the general public about the significance of what has happened at any given point in the budget-authorization-appropriations process.
- It has diminished the democratic process of congressional debate and deliberation, as well as the opportunity for input.
- It makes it exceedingly difficult to fix accountability for what has happened to individual programs.

It would be absurd, in the abstract, to object to the hypothesis that Congressional actions should be considered in their total context and that the Congress should understand the sum effect of its decisions.

But, we have not yet evolved a process for doing this which does not substantially bias the outcome against programs and in favor of economic theory.

The budget process is extraordinarily fertile ground for manipulation and the ground rules have not been very clear at all.

This has been true for two very different reasons:

1. Budget resolutions are based heavily on economic assumptions which are only slowly coming to be understood as educated guesses, not truths. This is similarly true of outlay estimates.
2. The Budget Act has allowed the Budget Committee to substantially change important aspects of the budget resolution's application. Examples of this are moving reconciliation from the second resolution to the first, applying reconciliation against authorizations, enforcing 302(b) allocations and providing an automatic second resolution.

Since the power of manipulation is in the hands of a very few, those inside and outside the Congress who have been left relatively less powerful to positively impact the programs they care about feel a growing resentment.

With an increase in the number of decisions that have to be made and the difficulty of trying to justify them in political, economic and substantive terms, a schedule has resulted in months spent on developing a budget resolution and then mere weeks or days spent on formulating conforming authorization legislation and appropriations. The charge that Congress now passes two pieces of legislation -- a budget resolution and a continuing resolution -- is too close to the truth to be funny.

With a first resolution which has become effectively binding we have a non-specialized committee threatening to usurp the deliberative role of the authorizing and appropriating committees in which is vested the detailed knowledge of how programs operate and what their funding needs are. Without endorsing enrollment controls at the 302(a) level, we would strongly advise against attempting to control at the 302(b) level. It is essential that the committee that taken the actions of real and lasting consequence based on years of experience with the programs not be totally hamstrung by the results of a symbolic debate on economics, deficits and general national priorities.

With regard to three of the specific issues you outlined in your invitation to testify, let me make the following comments:

The methods by which Congress develops its budgets could be improved by

- making the Budget Committee a leadership committee
- assuring wide consultation
- having ground rules clearly understood
- assuring that budget alternatives are fully understood
- minimizing the manipulation of the numbers in the process

Relationships between authorizations and appropriations and their relationship to be the budget resolutions would be improved if

- we could distinguish symbolic from real-time decisions
- spending committees, who have the depth of program expertise, retain total flexibility in 302(b) allocations
- timetables derived from the budget schedule gave the authorizing and appropriating committees sufficient time for deliberation and completion of their work
- the chances of regular appropriations bills being processed were improved and the likelihood of massive continuing resolutions minimized.

Procedures for enforcing budget decisions should not presuppose that the Congress will not work its will in a way conducive to good economic and social policy unless forced to by the budget resolution.

We believe that it is necessary to seriously consider wholesale restructuring of the way in which the Congress develops and implements its budget. We do not think that marginal changes will suffice. We believe that H. Res. 65 would help clarify some of the ground rules for the immediate future, but would encourage the Committee to go on to consider more fundamental change.

While we are not at this time prepared to endorse any specific proposal, we would encourage you to seriously explore the issues raised and the solutions proposed by the Obey proposal and the Dingell proposal. From our perspective a major contribution of the Obey proposal is that it recognizes and addresses the issue of accountability for program-determining decisions and makes real the consequences of pursuing a given deficit level. A major contribution of the Dingell proposal is the effort to assure that authorizing committees have the opportunity to make careful, well-considered decisions in authorizing legislation.

We may at some future time during your deliberations request that we be allowed to submit comments on specific proposals for legislative or Rules changes before your Task Force.

Mr. BEILENSEN. I want you to know that we are going to look specifically at four different proposals or alternative models, two of which will be those two, the Obey and the Dingell alternatives.

Ms. TAYLOR. Perhaps at a later time we would like to submit comments.

Mr. BEILENSEN. Please do at any time, the sooner the better. Send comments to us and we will share them with the other members.

We appreciate very much your statement and your testimony.

Ms. TAYLOR. I kind of slipped around, so I request that whatever I didn't read will be included.

Mr. BEILENSEN. Thank you very much.

We next have Dr. John Ellwood, former Special Assistant to the Director of CBO, assistant professor of public policy and management, the Amos Tuck School of Business Administration.

Thank you very much for coming here to be with us today.

STATEMENT OF JOHN W. ELLWOOD, FORMER SPECIAL ASSISTANT TO THE DIRECTOR OF CBO, ASSOCIATE PROFESSOR OF PUBLIC POLICY AND MANAGEMENT, THE AMOS TUCK SCHOOL OF BUSINESS ADMINISTRATION, DARTMOUTH COLLEGE

Mr. ELLWOOD. Thank you, Mr. Chairman.

Because of the lateness of the hour I will just submit the testimony for the record.

Mr. BEILENSEN. It will be included in full.

Mr. ELLWOOD. There are some things in the testimony that speak to issues that others have raised. I will just read the summary, page 1, and will then speak to these issues.

Mr. Chairman, I would like to thank you for the opportunity to present my views on the various proposals that seek to modify the current congressional budget process. My testimony will establish the following four points:

One, that the budgetary problems facing the Congress are political and substantive rather than procedural.

Two, that the Congress already has the procedures it needs to limit the growth rate in Federal expenditures, reallocate priorities among types of programs, increase or decrease the level of Federal taxation, and control the size of the Federal deficit.

Three, that while some of the proposals before your task force may marginally improve the Congress budgetary procedures, only the alternative of returning to a pre-1974 situation—in which the Congress allowed much of its budgetary power to be shifted to the executive branch—would significantly diminish the current unhappiness of many Members with the process or end the persistent conflict among House committees over the allocation of power under the process.

Four, because the Congressional Budget Act contains enough elastic clauses to allow the House to modify its budgetary procedures to meet unfolding needs, it would be better to wait to amend the act to codify consensus that have already been agreed upon rather than attempting to use the amendment process to create such consensus.

I think Mr. Adams did the best job this morning of saying what I want to say here; the real problems are political and not procedural. If we look at the three basic goals of the budget process, even though the act itself is neutral, clearly the Members assumed that they were voting for something that would curb the growth rate in Federal expenditures and curb the frequency and size of the deficits.

[Mr. Elwood's prepared statement follows:]

Statement of John W. Ellwood
Associate Professor of Public Policy & Management
The Amos Tuck School of Business Administration
Dartmouth College

before the
Task Force on the Budget Process
Committee on Rules
U.S. House of Representatives

April 29, 1983

Mr. Chairman, I would like to thank you for the opportunity to present my views on the various proposals that seek to modify the current congressional budget process. My testimony will establish the following four points:

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2. That the Congress already has the procedures it needs to limit the growth rate in federal expenditures, reallocate priorities among types of programs, increase or decrease the level of federal taxation, and control the size of the federal deficit.
3. That while some of the proposals before your Task Force may marginally improve the Congress' budgetary procedures, only the alternative of returning to a pre 1974 situation -- in which the Congress allowed much of its budgetary power to be shifted to the Executive Branch -- would significantly diminish the current unhappiness of many Members with the process or end the persistent conflict among House Committees over the allocation of power under the process.
4. That, because the Congressional Budget Act contains enough "elastic clauses" to allow the House to modify its budgetary procedures to meet unfolding needs, it would be better to wait to amend the Act to codify consensus that have already been agreed upon rather than attempting to use the amendment process to create such consensus.

The Goals of the Congressional Budget Process

A reading of the legislative record on the adoption of the Congressional Budget and Impoundment Control Act of 1974 supports the notion that a majority of those who voted for the Act thought that it would accomplish at least three goals:

- o Curb the growth of federal spending and the frequency and size of federal budget deficits.
- o Create a more efficient process under which the Congress would meet its budgetary deadlines by enacting taxing and spending legislation prior to the beginning of the fiscal year.
- o Create a process that would help the Congress manage its internal conflict over budgetary questions.

It is my impression that one reason for the current unhappiness with the process is the wide spread impression that none of these goals has been fully achieved. For example:

Controlling Expenditure Growth and Limiting Deficits. Although the provisions of the Budget Act are neutral on this question, there is little doubt that most Members who supported the new procedures did so under the assumption that they would give the Congress the tools necessary to limit the size of the federal budget and its deficits. Unfortunately since the implementation of the new procedures in fiscal year 1975 the opposite has occurred.

Table 1 contains estimates of what total federal outlays (both on-budget and off-budget) would have been for the 7 fiscal

years prior to the implementation of the Budget Act and the 7 fiscal years since the Act's implementation -- if the economy had consistently operated at a level that would have achieved "full" or "high employment" and if the budget had been measured in 1972 dollars throughout the 14-year period.

TABLE 1
ESTIMATES OF FEDERAL OUTLAYS AND DEFICITS BEFORE AND AFTER THE
IMPLEMENTATION OF THE CONGRESSIONAL BUDGET ACT OF 1974
(In billions of dollars and percentages)

Fiscal Year	High-Employment Outlays in 1972 Dollars	High-Employment Budget Deficit	High-Employment Budget Deficit As A Percent Of Potential GNP
<u>Prior to the Budget Act</u>			
1969	221.4	- 0.6	- 0.1
1970	221.6	+ 1.3	+ 0.1
1971	220.6	- 9.4	- 0.9
1972	227.1	-10.3	- 0.9
1973	231.4	-13.8	- 1.1
1974	236.9	- 4.4	- 0.3
1975	261.3	-14.3	- 0.9
<u>After Implementation of the Budget Act</u>			
1976	271.8	-20.7	- 1.2
1977	279.7	-18.4	- 1.0
1978	296.8	-20.1	- 1.0
1979	302.7	- 1.8	- 0.1
1980	321.2	-17.5	- 0.7
1981	330.7	- 6.9	+ 0.2
1982	335.6	-18.8	- 0.6

Sources: High-employment estimates from Frank de Leeuw and Thomas M. Holloway, "The High-Employment Budget: Revised Estimates and Automatic Inflation Effects, Survey of Current Business, April 1982, pp. 21-33 and August 1982, p. 10. High-employment estimates in 1972 dollars calculated by the

author using OMB budget data and methodology described in John Palmer and Isabel Sawhill, The Reagan Experiment, (Washington: The Urban Institute, 1982), p. 485.

Table 1 also contains estimates of what federal budget deficits would have been if the economy throughout the 14 year period had been operating at its "potential" level (the level necessary to achieve "full" or "high employment"). These deficits are expressed in dollar terms and as percentages of the potential Gross National Product (GNP).

The evidence is not supportive of those who believe that the procedures of the budget process in and of themselves will limit either expenditure growth or the frequency and size of deficits. During the 7 fiscal years prior to the implementation of the new procedures, federal high-employment outlays in 1972 dollars increased at an average annual rate of 2.8 percent while the high-employment budget deficit averaged 1.0 percent of the potential GNP. In the seven fiscal years since the Act was implemented, however, federal outlays, measured in the same way, have grown at an average annual rate of 3.6 percent and the "high employment" deficit has averaged 1.1 percent of the potential GNP. Thus, under the new budget procedures, even when economic cycles and the inflation rate are held constant, the rate of expenditure growth has increased and the size of deficits has stayed approximately the same.

As you are aware, at least in terms of the size of federal deficits, the immediate future is no brighter than the past. The actions of the last Congress had the effect of creating what has

come to be called a "structural" deficit. The very large tax cuts -- especially the implementation of indexing in 1985 and the effects of the new accelerated depreciation provisions on revenues from the corporate income tax -- coupled with the out-year outlay effects from increases in budget authority for the procurement of major weapons systems, has created a situation in which regardless of which set of economic assumptions are used, the federal budget deficit in current dollars will get larger and larger through fiscal year 1988.

Creating a More Efficient Process. As with many budget reforms, a major goal of the new congressional budget process was to make budgeting more "business-like." A good deal of criticism was directed at the fact that in the years immediately preceding the passage of the Budget Act, less than two of the 13 major appropriations bills were enacted prior to the beginning of the fiscal year.

The shifting of the beginning of the fiscal year from July 1st to October 1st and the inclusion of many deadlines in the Budget Act were meant to correct this problem. And initially, it appeared that the new process was having the desired effect. In fiscal year 1977, for example, all 13 major appropriations bills were enacted prior to the beginning of the fiscal year.

But as indicated by the data in Table 2, the Congress has fallen back into its old pattern. During the last three years at best a single major appropriations bill was enacted prior to October 1st. During this same period, moreover, the Congress has

increasingly relied on Continuing Resolutions to fund up to half the appropriations bills.

TABLE 2
NUMBER OF MAJOR APPROPRIATIONS BILLS ENACTED BEFORE
THE BEGINNING OF THE FISCAL YEAR

Fiscal Year	Passed Before Beginning of Fiscal Year	Passed After Beginning of Fiscal Year	Under Continuing Resolution To End of Fiscal Year
<u>Fiscal Year Beginning July 1st</u>			
Prior to Budget Act			
1968	2	11	0
1969	1	12	0
1970	0	13	0
1971	0	13	0
1972	3	10	0
1973	3	8	2
1974	0	13	0
1975	0	13	0
Implementation of Budget Act			
1976	0	10	3
<u>Fiscal Year Beginning October 1st</u>			
1977	13	0	0
1978	10	2	1
1979	5	7	1
1980	3	7	3
1981	1	7	5
1982	0	9	4
1983	1	5	7

Managing Internal Conflict. From a reading of the testimony presented to your Task Force during the last session, it also appears that the new process in and of itself has not improved the House's ability to control its internal conflict. If anything

conflict associated with fiscal and budget policy has increased in recent years. Many Members believe that the Budget Committee is becoming too powerful. They point to a tendency of the floor debate to center around line-item amendments. The implementation of the reconciliation process in connection with the first resolution -- particularly the calendar 1981 use of authorization of appropriation limits to control the discretion of the Appropriations Committee and the substitution of Gramm-Latta II for the work of the various Committees -- has caused a great deal of resentment.

Others feel that budgeting has become an all-consuming activity at the expense of oversight and program design and re-design. Many charge that the deadlines of the Act -- which as we have seen have not been effective in guaranteeing that appropriations bills get enacted on time -- have created a situation in which Committees are forced to act before they have thoroughly studied the various policy options.

Still others charge that the new layer of the budget process has created an opportunity for symbolic voting. Members are able to propose policies that they know will have to be voted on several more times before they actually become law.

An Assessment of the Budget Process

Do The above problems imply that the procedures of the 1974 Act have failed and should be significantly modified. I would argue no on two grounds. First it is a mistake to associate the higher levels of expenditure growth, larger deficits, and

inability to meet deadlines with the new procedures. These problems and the generally higher levels of conflict within the House do not reflect procedural changes. Rather they are the result of the increased pressure put on the Congress from the various groups in American society who have attempted to avoid bearing the burden of the poor economic performance of the 1970s.

Second, I would argue that while the present procedures are imperfect, they do contain all the necessary tools that are needed should the Congress want to cut the rate of expenditure growth and reduce the size of future deficits and, most important, with some small modifications, they are superior to the various alternatives that have been put forward.

Inability to Reduce Expenditure Growth, Cut Deficits and Meet Deadlines. The poor performance of the American economy during the last decade rather than changes in congressional procedure is the best explanation for the budgetary difficulties experienced by the Congress since the implementation of the Budget Act.

Although the record of American economic performance during the 1970s is not as bad as many assume, it certainly is below the level that Americans had come to expect during the 1960s. While real GNP increased 49 percent in the 60s, it only rose 36 percent in the 1970s. While real disposable per capita personal income increased 35 percent from 1960 to 1969, it only rose by 23 percent over the next ten years. Average unemployment rose from 4.8 percent during the 1960s (3.6 percent for adult white males) to 6.2 percent for the 1970s (4.5 percent for adult white males).

The increase in productivity in the private business sector was cut in half as one moved from the 60s to the 70s, with productivity increasing by 33 percent from 1960 to 1969 compared to 15 percent during the 1970s. The most dramatic sign of declining economic performance was the rapid increase in the rate of inflation. During the 1960s the level of the Consumer Price Index (CPI) rose by 31 percent. But during the 1970s it increased by 112 percent. (1)

Of all these indicators, the rapid increase in the rate of inflation was the most politically damaging. This is because under rapid inflation almost every individual and group in society thinks that they are becoming poorer. It does not matter that various econometric studies have established that inflation is basically a progressive tax, striking those upper income individuals holding stocks and bonds harder than it does than on the average American whose wealth is in real estate or the elderly most of whose income comes from Social Security benefits that are indexed to the CPI.(2)

As Robert Solow pointed out almost a decade ago there is an optical illusion in how the public perceives the effects of inflation. People see no connection between the prices of things that they buy and their wages. When prices are raised the individual thinks that something has been stolen from him -- someone else has benefited at his expense. But increases in the individual's wage are perceived as deserved rewards for hard work, advancement, etc.(3)

It did not help that during the 1970s there was some reality behind the notion of inflation being associated with a direct loss of income and wealth. Much of the inflation of the decade was initiated by the two periods of very rapid increases in the price of oil. The First National Bank of Chicago has estimated that the first price increase in 1973, during which the price of oil rose by \$5.50 per barrel, caused a \$25 billion shift of wealth to the oil producing sector. This represented 2.25 percent of the 1973 GNP. From December of 1978 to March of 1980 oil prices rose an additional \$21 per barrel. This caused a \$114 billion shift of American wealth -- or 6 percent of the GNP -- to the oil producing sector.

From the perspective of an American worker who was not employed in the oil producing sector all of this shift resulted in lost income and wealth. From the perspective of the entire country a conservative estimate would indicate that about half of this shift stayed within the United States while the other half was transferred to other oil producing nations. Thus, the 1973 oil price rise led to a 1.2 percent of GNP shift of wealth to other nations, and the 1978-1980 price increase led to a 3 percent of GNP shift.(4)

Individuals and groups within the United States responded to this real or perceived threat of a loss of income and wealth in exactly the way one would expect -- each individual and group tried to use its economic and political power to guarantee that it would not bear the burden of the loss.

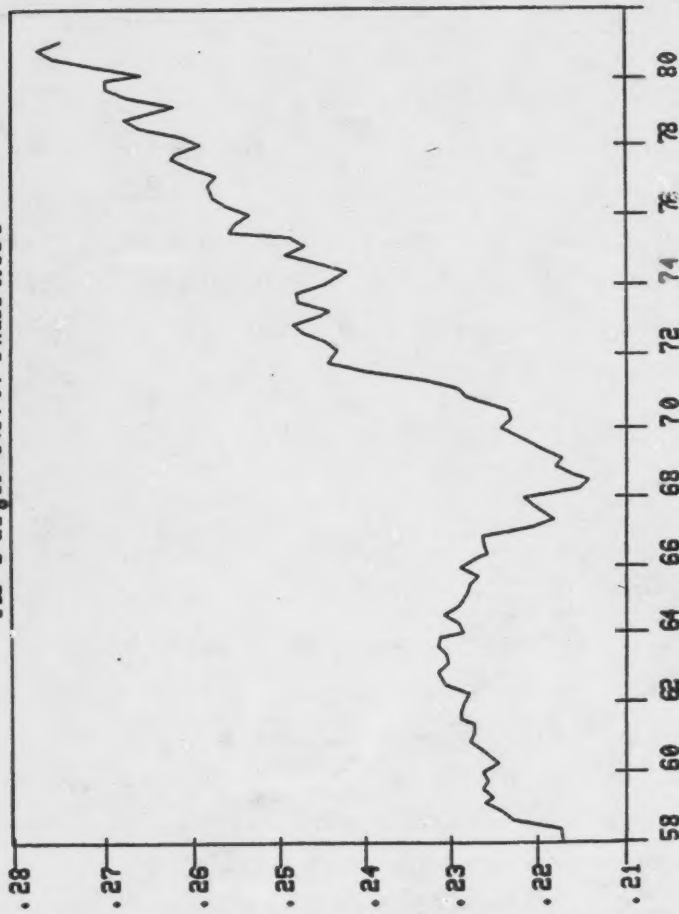
James Annable has shown the effect of this competition on industry wage structure. Some of his results are shown in Figure I. Annable found an explosion in the 1970s in the variation of wage increases granted by the 116 industries that are used by the Bureau of Labor Statistics to compile its monthly establishment survey.(5) He also found that more powerful industries, firms and unions granted or were granted the highest increases. Thus big firms granted larger increases than small firms, and union establishments granted higher wage increases than non-union establishments.

If various groups fought within the private sector to determine who would bear the burden of this perceived and actual loss, it is not surprising that with ever greater frequency these groups came to the Congress for governmental benefits. Because the growth rate in the economy was reduced, it became ever more difficult for the Congress to grant such relief without making it obvious that these benefits were being granted at the expense of other groups and claims. In short, in the 1970s the Congress was forced to engage in a politics of redistribution rather than the New Deal model of a politics of distribution.

In order to limit the number of groups that clearly saw themselves as losers in this congressional decision-making process the Congress had and has three choices: it can abandon the requirements of the budget process so that budget totals no longer appear to constrain its actions on individual spending and revenue bills; it can increase the size of the public sector by allowing

FIGURE 1

Coefficient of Variation for Wages in
116 3-digit S.I.C. Industries



8/12/81

Source: James Annable, *The Dual Wage Theory: The Role of Wages in Business Cycles and Economic Growth* (Lexington: D.C. Heath, forthcoming).

the revenue burden to rise; or it can accept ever larger deficits in order to allow the size of the public sector to rise without increasing the revenue burden. Each of these alternatives had been tried since the implementation of the Budget Act. Some of the proposals before you today seek to ease the constraints imposed by public votes on the budget aggregates. During at least the second half of the Carter Administration the Congress postponed a tax reduction in order to run a fairly conservative fiscal policy without cutting the size of the federal sector. During the first two years of the Reagan Administration the Congress has adopted the alternative of lowering the tax burden and accepting very large deficits rather than significantly reducing the size of the federal sector.

But none of these actions has made your lives easier. Groups -- usually referred to as special or single interest groups -- have increasingly put pressure on you for federal relief. In fact the implementation of the Budget Act's procedures has increased your burden.

First, as mentioned, by requiring public votes on the budget aggregates, the Act limits the scope of distributive politics. Second, because budgeting is an aggregating process, it implies a loss of legislative freedom. Third, because the Act created a new Committee, internal conflict over the proper roles and power of that new institution was bound to occur.

Inability to Meet Deadlines. I would suggest that the Congress' inability to enact its spending bills in recent years

before the beginning of the fiscal year is also directly related to the increased level of conflict over the substance of fiscal and budget policy. Moreover, it is my feeling that attempts to correct this problem by shifting or imposing new deadlines will have little effect until the Congress and the American people build a fairly stable coalition behind a particular set of economic and budgetary policies.

Table 4 sets out the average number of calendar days it took to enact the 13 major appropriations bills in the 8 years prior to the implementation of the Budget Act and in the 8 years since that implementation. Because the Budget Act set deadlines and changed the beginning of the fiscal year from July 1st to October 1st, I have measured these days from two starting points: from January 1st and from the beginning of whichever fiscal year date was in place at that time. Also because of the increasing use of Continuing Resolutions to fund major appropriations bills throughout the fiscal year, I measured the number of days under two conditions: using the date of adoption of the Continuing Resolution as the date of the adoption of the Appropriations Bill and using the end of the fiscal year as the date of adoption of an Appropriations Bill that has been funded throughout the fiscal year under a Continuing Resolution.

The data clearly indicate that the new deadlines have had little if any effect on the speed with which appropriations bills have been adopted. In fact no matter how Continuing Resolutions are counted, when the average date of completion is measured from

the January 1st, it has taken an average of 27 to 82 days longer to adopt all the major Appropriations Bills since the implementation of the Budget Act than it did in the 8 years prior to implementation.

TABLE 4
AVERAGE NUMBER OF CALENDAR DAYS REQUIRED TO ENACT
THE THIRTEEN MAJOR APPROPRIATIONS BILLS

Measured From January 1st		Measured From Beginning of FY	
Con. Res. From End Of FY	Con. Res. From Date of Adoption	Con. Res. From End Of FY	Con. Res. From Date of Adoption
Before Implementation of Budget Act			
282	275	101	94
After Implementation of Budget Act			
364	302	102	41

Another alternative exists, however. Under the assumption that the Congress does not really begin to move on Appropriation Bills until the fiscal year approaches, it makes more sense to measure delay from the beginning of the fiscal year. As seen in columns 3 and 4 of Table 4, when measured this way the period since the implementation of the Budget Act has been quite similar to the period before the Act. Assuming that the many Continuing Resolutions of the past three years were viewed as substitutes for enacting major Appropriations Bills, we see that before the Budget

Act it took 101 days on the average beyond the beginning of the fiscal year to enact the 13 major Appropriations Bills. Since the Budget Act it has taken 102 days.

If this interpretation is correct, moving deadlines will have little effect on Congressional activity. The speed of the activity will be driven by the approach of the fiscal year and the level of policy conflict rather than any artificial rule.

In fact if you are interested in gaining more time for non-budgetary activity, I would move the beginning of the fiscal year to January 1st and not start the budget process until July or so. This would leave the Spring of each session for oversight and authorization activity. Most of the proposals before you move in the opposite direction by requiring the budget process to begin earlier. But if movement on spending bills does not occur until the approach of the beginning of the fiscal year, such proposals will only make the situation worse by extending the budgetary season.

Congress Already Has the Tools it Needs. Many people think the Congress lacks the procedures that are needed to limit expenditure growth and the size of deficits because both Members of Congress, the press and academics associate the budget accounts that receive the most congressional activity with the accounts that are driving the federal budget.

Most budget accounts go through the annual appropriation process. With the exception of the procurement accounts whose budget authority is not reflected in outlay levels until several

years into the future, therefore, most accounts are controllable. Moreover, these are the same accounts that fund the programs that are most visible in a congressional district -- brick and mortar projects and categorical grants to the Congressman's state and localities. And when the press complains of inefficient federal spending it usually points to these programs.

But these are not the accounts that have driven the growth in federal expenditures over the past two decades. Since fiscal year 1965 a very limited number of accounts -- 50 at most -- that fund entitlements providing benefit payments to individuals have caused the increase in the size of the federal sector. Most of these accounts -- particularly those that are not means-tested such as Social Security, Medicare, and the federal retirement programs -- are funded through permanent appropriations contained in their authorizations. Others, called appropriated entitlements, require an annual appropriation yet are really driven by the program rules of their authorizations.

One of the better held secrets of the House is inability of the Appropriations Committee to limit the growth of federal domestic spending even if it so desired. Table 5 divides outlays among the various types of committees. In fiscal year 1983 the Appropriations Committee will have direct control over only 40.7 percent of all outlays and only 24.7 percent of non-defense outlays. Since many of these accounts fund direct federal services that cannot be totally eliminated, the real power of the

Appropriations Committees is even smaller than the figures of this table would indicate.

TABLE 5
TRENDS IN SPENDING BY HOUSE COMMITTEE JURISDICTION
(By fiscal year)

	1970	1980	1983
<u>Percent of Gross Outlays</u>			
Appropriations Committee			
National defense (except retired pay)	36.0	19.0	21.2
Non-defense accounts	22.7	25.8	19.5
Subtotal	58.7	44.8	40.7
Authorizing Committees			
Entitlements & Fixed Costs			
Ways and Means Committee	28.4	36.8	41.1
Other Committees	4.7	8.4	8.4
Appropriated Entitlements	8.1	10.0	9.8
Subtotal	41.3	55.2	59.3
Gross Outlays	100.0	100.0	100.0

Source: Congressional Budget Office, Baseline Budget Projections for Fiscal Years 1984-1988, February 1983, p. 81.

It should be noted, however, that because the programs that are most visible in a Congressman's district tend to be funded by these accounts, Members still see the Appropriations Committee as a choice assignment and a powerful Committee. But the reality is

that this power cannot be used to limit overall growth in non-defense spending.

But if the appropriations process cannot control non-defense expenditure growth, the Budget Act has given the House a tool that can accomplish this task -- reconciliation. If one accepts the assumption that in the past voters and Members of Congress wanted to reduce the size of federal spending but lacked the tools to do so (an assumption that I personally do not accept) one would point to the fact that because the entitlement accounts do not go through an annual funding process, those in favor of the present level of spending simply have to prevent action to achieve their goal.

The reconciliation process when used in connection with the first resolution has two advantages. First, it gives the entire House a vehicle to force Committees that might not want to reduce the spending levels of the entitlements under their jurisdiction to act and report legislation so that the entire chamber can work its will. Second, when accompanied by a closed or limited rule, it overcomes the potential bias toward ever higher spending levels that results from benefits being concentrated in a few recipients while the costs are spread over many taxpayers. For example, a billion dollar increase in a program only costs the average taxpayer an additional \$10 per year. In such a situation, beneficiaries are willing to work hard for the increase while taxpayers are unlikely to complain. It is only when fifty such

incremental increases are enacted that taxpayers suddenly realize that their taxes have just gone up by \$500 per year.

Reconciliation can potentially reverse this bias. By putting many changes in a single bill and requiring an up or down vote on the entire package (or limiting the amendment process to substitutions), the debate shifts from the virtues of the parts to those of the whole.

Thus if the Congress really wants to limit spending, it has the tool to bring this about. Of course, this does not mean that the Congress should limit spending. Personally, I would favor an increase in the size of the public sector. But the tools are there.

Are The Alternatives Superior to the Current System?

There are six types of alternatives to the present system that are being put forth.

Withdraw from budgeting. As previously stated, the Congress could withdraw from the budgeting arena and let the President expand his power. Although such an option would certainly reduce internal conflict within the Congress, I assume that you do not want to limit your power.

Ignore the aggregates and fiscal policy. The Congress could concentrate on individual spending bills and abandon the constraints posed by trying to live within the budget aggregates. Although this has not been openly suggested in the Congress, several academics, including Louis Fisher of the Congressional

Research Service and Charles Lindblom of Yale, have contended that such a system would lead to lower levels of spending.

Under their logic, bargaining out disputes on a bill by bill basis increases basic the opportunity for compromise. This leads to a pattern of incremental rather than dramatic change. The current process, on the other hand, by making the consequences of decisions much more visible to the interested parties, increases the chances of large reductions (as in calendar 1981) and large increases (as with defense spending). The debate is shifted from the merits of individual programs (or in the case of defense, individual weapons systems), to artificial budgetary targets -- 10 percent real growth in defense verses 5 percent real growth.

There is a good deal of merit to this approach as long as one believes that the primary goal of the budget process is to set funding levels for individual programs. If, however, one believes that the Congress should be one of the major forces, if not the major force, major force in the setting of fiscal policy, one has to accept that this approach would weaken the Congress' ability in the fiscal policy debate.

Reinstate the seniority system and appoint Members to Committees whose legislation can not help their districts.

Although the Kennedy years are associated in many minds with beginnings of the expansion of non-defense spending, in reality federal outlays remained at a constant 19.2 percent of GNP during his presidency. A major reason for this result was the ability of Chairman Smith of this Committees to prevent most of the Kennedy

proposals from coming to the floor of the House. The major legislative victory of the early Kennedy presidency was brought about by Speaker Rayburn's ability to gather the necessary votes to expand the membership of the Rules Committees so that he and the Administration could obtain control over the passage of legislation.

If you seriously want to create an institutional bias against the expansion of domestic federal programs the reinstitution of the seniority system would be a very good candidate to consider. Such a move could be coupled with a return to the old system whereby Members were appointed to the most sensitive committee assignments. Chairman Mahon used to tell the story of his first subcommittee assignment on the Appropriations Committee. When he asked Chairman Cannon why he had been assigned to the Navy Subcommittee he was told "because there is no water in West Texas."

A movement away from allowing Members to run for subcommittee assignments could have an effect on the growth of spending for those programs that go through the annual appropriations process -- if that is what you want. But should you be tempted to move in that direction, it would be well to remember Robert Caro's story of Lyndon Johnson's and Warren Magnuson's initial experience as junior members of Carl Vinson's Naval Affairs Committee:

When at the first meeting, Johnson, seated on the lower horseshoe among the junior members, began question a witness -- along with the junior member sitting next to him, young Warren Magnuson of Seattle -- Vinson gaveled the hearing into recess and said, as

Magnuson recalls the words: "I want to see you two boys in the back room." In his small, bare private office behind the hearing room, Magnuson says, "he let us have it." "We have a rule in this committee," the chairman said. New members were not allowed to ask so many questions; in his first year on the committee, a member was allowed to ask one question; in his second year, two, "and so on." (6)

Obviously reinstating the seniority system and undoing the reforms of the early 1970s is not likely to occur any time in the near future. But this option does make an additional point. Many Members are very happy about the constraints the budget process places upon them. During the initial years of the process one would occasionally hear Members talk about how the process had removed their freedom. The fact is, however, that any serious set of budgetary procedures will involve constraint. The Congress cannot have it both ways.

Placing ever tighter limits. I gather from your letter of invitation that you are interested in the proper scope of the process. Should it cover the federal credit budget? Should tax expenditures be included? Should the multi-year targets of past reconciliation instructions be applied to revenues as well as to expenditures?

If you truly want to control the federal sector -- as against just controlling the expenditure side of the federal budget -- you will have to find mechanisms to do all these things. To the extent that individuals, groups and firms are looking for government relief (or, if you will, benefits), if you close off one avenue of relief they will go to another. This is why any

Constitutional amendment to place a limit on the size of the federal budget will never work.

Several examples from your experience in calendar 1981 are helpful in illustrating this point. One of my favorites was the ability of Representative Gramm, who was a leader in the President's efforts to reduce domestic spending, to shift the Strategic Petroleum Reserve to off-budget status. In so doing he helped the interests of his district and state (and no doubt in his view the nation as well). But as a private citizen I did find it a bit ironic that he went along with counting this shift as a "budget reduction" brought about by the Omnibus Reconciliation Act of 1981.

More serious problems occurred on the revenue side of the budget during calendar 1981. These problems reflect the need for both horizontal and intertemporal control.

Loss of horizontal control. The logic of concentrated benefits and dispersed costs is just as applicable for tax expenditures (in business school we like to refer to them as tax shields) as it is to direct expenditures. In 1981 the various individuals, groups, and firms that sought relief clearly understood that the outlay side of the budget was closed to them. So they turned to the President's tax proposals. And an explosion occurred. The Economic Recovery Tax Act of 1981 created 11 new tax expenditures and expanded 21 existing tax expenditures. In November of 1982 CBO estimated that these subsidies through the tax code would cost the Treasury \$1.5 billion in fiscal year 1981,

\$11.1 billion in fiscal year 1982, \$25.4 billion in fiscal year 1983, \$42.4 billion in fiscal year 1984, \$57.3 billion in fiscal year 1985, and \$79.3 billion in fiscal year 1986. Although half of this loss was recaptured the following year with the enactment of the Tax Equity and Fiscal Responsibility Act of 1982, subsidies amounting to \$40 billion in fiscal year 1986 are still in place.

Loss of intertemporal control. In order to stay within the targets of the first concurrent resolution many of the largest tax changes in ERTA were scheduled to be phased in beyond the upcoming fiscal year. This is an old technique of the tax writing committees, but in calendar 1981 it led to the current problem of "structural deficits"

Table 6 sets out OMB's current estimates of what federal revenues would have been (a) under the tax law as it existed prior to the adoption of ERTA, (b) if the President's initial tax proposal of March 15, 1981 had been adopted without modification, (c) under the tax law after the passage of TEFRA and the Gas Tax in calendar 1982, and (d) if only ERTA had been adopted.

Although in passing ERTA the Congress stayed within the targets of the fiscal year 1982 reconciliation instructions, a dramatic falloff in revenue occurs in the succeeding years. While the President's original proposal would have resulted in fiscal year 1988 revenues equalling 19.9 percent of GNP, the effect of ERTA was to have revenues equal 17.5 percent of GNP in that same year.

Even after the passage of TEFRA and the Gas Tax in calendar 1982 projected revenue levels are still below those of the President's original proposal. The point is not who was at fault. Rather the point is that having capped the expenditure side of the budget in calendar 1981 the Congress and the President let the pressure explode on the revenue side. Only a combination of horizontal and interporal budget control can solve this problem.

TABLE 6
THE EFFECT OF VARIOUS TAX PROPOSALS AND LEGISLATION
ON FEDERAL REVENUES AS A PERCENT OF GNP
(By fiscal years in percentages)

	1981	1982	1983	1984	1985	1985	1987	1988
Tax Law Prior to 1981	20.9	21.5	20.7	21.1	21.7	22.4	22.8	23.2
Reagan March 15, 1981 Proposal	21.1	20.4	19.4	19.3	19.3	19.5	19.7	19.9
After TEFRA of 1982 & Gas Tax	20.9	20.4	18.7	18.6	18.7	18.8	18.8	18.9
After ERTA of 1981	20.9	20.4	18.1	17.4	17.5	17.5	17.3	17.5

Conclusion: Options for Control

During the floor debate on the initial first concurrent resolution on the budget in the Spring of 1975, one Member of the House turned to a junior colleague and said, "You know what this is all about, don't you? They're taking away our freedom."

As I have stated several times, as long as the Congress continues to be serious about setting fiscal and budgetary policy, Members will be forced to relinquish some of their freedom. The question is to whom or to what other institution will this freedom be ceded?

Loss to External Groups. A primary aim of the 1974 Budget Act was to make Members more accountable to the electorate by forcing them to record officially their views on the proper total size of federal expenditures, revenues, and the deficit. In this respect, the act did increase the accountability of Members. But from the viewpoint of elected officials, the act restricted their freedom of action.

Alternatives to this traditional accountability arrangement are proposals that Members give up their freedom of action through legislative or Constitutional provisions that limit the size of the federal sector and/or the existence of deficits (that is, requirements to balance the budget). Because such limits would not eliminate the pressure for federal provision of benefits, it is doubtful that they could be successfully implemented.

But even if they were enacted, the Congress must realize that it would still lose freedom of action.

Loss to Internal Groups. In order to set both fiscal and budgetary policy (that is, in order to legislate individual budget accounts consistent with decisions on the budget's aggregate totals), the Members of the House will have to relinquish some of their freedom of action to (a) the rules of the House, (b) one or more House Committees, (c) senior or trusted colleagues, or (d) their party leaders.

Each of these alternatives has advantages and disadvantages. Personally, I would prefer to see the responsibility given to the party leaders. I realize that attempts to strengthen political parties within the American system of government are very difficult to bring about. For example, if the House Budget Committee was reconstituted as a leadership Committee, many Members on the peripheral wings of their party might find their reelections more difficult. But the advantage of party government as against, for example, committee judgment, is that the budget process is more likely to reflect the position of the "average" party member.

1. These data are drawn from Table 2-1 of John Palmer and Isabell Sawhill, The Reagan Experiment, (Washington: The Urban Institute, 1982), p. 34.
2. Alan S. Blinder and Howard Y. Esaki, "Macroeconomic Activity and Income Distribution in the United States," The Review of Economics and Statistics, November 1978, pp. 604-608; and Joseph J. Minarik, "Who Wins, Who Loses from Inflation?" Challenge, January-February 1979, pp. 26-31. Also see Minarik's "The Size Distribution of Income During Inflation."
3. Robert M. Solow, "The Intelligent Citizen's Guide to Inflation," The Public Interest, No. 38 (Winter 1975), pp. 30-66.
4. James Annable, "Inflation: Process and Prospects," An Economic Issue Backgrounder, (Chicago: First National Bank of Chicago, September 1982), p. 6.
5. James Annable, The Dual Wage Theory: The Role of Wages in Business Cycles and Economic Growth, (Lexington, Mass.: D.C. Heath, 1982 forthcoming).
6. Robert A. Caro, The Path To Power (New York: Alfred A. Knopf, 1982), p. 537.

Mr. DICKS. Were they really or were they saying we want to have this power and we don't like what Mr. Nixon and the OMB are doing and we are going to take away authority from what was perceived as an imperial Presidency?

Mr. ELLWOOD. I was not a member of the staff at the time. You don't hear anybody saying I need the act in order to increase the level of expenditures at the time.

Mr. DICKS. No; that is for sure.

Mr. ELLWOOD. The act is quite neutral and can be used to increase or decrease spending. There is no reason, for example, that the reconciliation process could not be used to implement a congressional desire to have a higher level of expenditures.

I personally think it is good that the budget process is neutral in this regard and I think the proper thing to do is for the leadership to use reconciliation as a unifying process to implement whatever the majority will is in the House. If you read the rhetoric at the time—

Mr. DICKS. The rhetoric was that we want to control spending, not to allow Mr. Nixon or Mr. Ash or those people to control it, because when they do it in an unfair way that affects our programs.

I was on the staff and recall quite well. It was more of an effort of Congress to reassert itself, which I thought was good at the time. Whether the record proves that Congress has done that job, that is a fair subject for discussion.

Mr. ELLWOOD. But a second goal, I think, was also there; the notion of making the Congress more businesslike, meeting deadlines, and you are hearing a lot of complaints today and about the failure to achieve this goal.

A third goal was to create a process to help the Congress manage its internal conflict. The appropriation committees were declining in power, and so you needed a new process to regularize the internal conflict in Congress. In the next several pages of my testimony I set out some data that can be used to judge whether the process has achieved these goals.

On page 3 there is data that answers a question that Mr. Dicks asked before: Can we compare budgetary results before the new process and after the new process, taking into account the level of inflation and taking into account the level of the economy at a particular time. [See p. 117.]

The second column of this table gives you high employment outlays in 1972 dollars. It tells you an equivalent number of years before and after the implementation of the budget process what Federal spending was for both on-budget and off-budget amounts. I put these types of spending together in 1972 dollars assuming that you have a high employment level, which was about 5 percent unemployment in the latest figures. You see that the growth rate is much smaller than the growth rates you hear about in the press because much of the growth rate occurs because of inflation. Lately a good deal of the growth rate has occurred because of the recession.

Unfortunately, the data does not support the notion that the process in and of itself has reduced the size of the Federal Government. In that table, in the 7 years before the Budget Act, total Fed-

eral outlays grew at 2.8 percent per year on an annual basis. Since the Budget Act they have growth 3.6 percent a year on an annual basis.

That table also includes in its last column the Federal deficit and high employment deficit. To obtain these data I took away the part of the deficit resulting from the loss of revenue and increased outlays that occur when the economy is running below its potential. If you take away that and compare the high employment deficit as a percentage of high employment GNP, on average, the deficit has been exactly the same before and after the Budget Act.

These figures might not exactly answer your question, but the necessary figures are readily available from the CBO and you can get them.

As an aside, one of the difficulties with using these figures is that the level of high employment is a political number. Many Congressmen don't like the notion that 5 percent is full employment. But the data is available—from CBO that can be used to reconstruct this table at any level of unemployment.

Mr. DICKS. Let's look at your graph here. Start with 1969 and go to 1982. The first column is basically where we would be without inflation; is that correct?

Mr. ELLWOOD. The first column is what outlays would be both without inflation and without economic cycles.

Mr. DICKS. So you are figuring in high employment?

Mr. ELLWOOD. Yes.

Mr. DICKS. Just for the record, the budget was \$221.4 billion in 1969.

Mr. ELLWOOD. Right.

Mr. DICKS. If today we had inflation out and we were operating under a full employment scenario the budget would have grown to \$335.6 billion?

Mr. ELLWOOD. Yes; smaller than its actual numbers. Because of indexation of entitlements and the rapid rates of inflation in the 1970's, what drove the budget was inflation. But we are operating so far below potential in the economy, that in a tremendous amount of outlays for unemployment insurance is kicked in.

Mr. DICKS. The chart shows a tremendous growth in 1974 and 1975.

Mr. ELLWOOD. That reflects the programs that Congress put in to combat the recession. Those are policy growths: public works, countercyclical revenue sharing and public service employment, that is what that involves.

Mr. DICKS. Thank you.

Mr. ELLWOOD. As to the question about deadlines: If you turn to page 6, I did the same thing and compared deadline before the Budget Act and after the Budget Act [see p. 120]. What you see is, of course, one of the reasons for the Budget Act—the notion that the Congress was not passing the budget before the fiscal year.

You can see in the period prior to 1976, that, on average, only three of the appropriations bills were passed. Initially, in the first years after the implementation of the new process, when Mr. Adams was chairman of the House Budget Committee, mostly due to the fact that you switched to a fiscal year 3 months further on,

the process appeared to be very successful. What has happened in the last 4 or 5 years is you have gone back to the old pattern.

Congress has sort of re-established its procedures. Moreover, an alarming new pattern has occurred in the last several years—an ever-increasing number of appropriation bills are being funded throughout the fiscal year under continuing resolutions. Seven were so funded for fiscal year 1982.

On page 7 I list common complaints relating to the failure to manage internal conflict under the new process [see p. 121]. Everybody is unhappy, and I am sure you are well aware of why that is.

I point out that I don't think that the level of conflict, the inability of Congress to meet deadlines has very much to do with the process. I think what it has to do with is the tremendous pressure that the Congress has been under in the 1970's.

The argument in the center of the testimony is as follows. In the 1970's, because you had poor economic performance, most specifically because people perceived that the inflation rate was going up very fast, groups in our society started fighting among themselves to determine who would not lose. As to the economy, I cite some very interesting data developed by James Annable, who used to be at CBO. Currently he is the chief domestic economist at the First National Bank of Chicago where he has done a study of wages in the United States.

If you turn to the graph appearing after page 11, you will see the spread of wage settlements among the 116 largest industries in the United States [see p. 126]. What happened in the 1970's was that as inflation increased those corporations and those unions that had more power were able to do better for themselves at the expense of those with less power.

So you have an explosion in the difference between different types of organizations based on their power. And as I also indicate, it does not matter that inflation in fact tends to be a positive or a progressive tax hurting the rich more than the poor—by essentially affecting wealth instruments that the rich have the most of.

We as individuals assume that when the price of a good goes up it is because some other person is forcing that price up. When we get an increase in wages, on the other hand, that is because we deserve it and people do not associate increases in their prices or the prices they charge for their goods with a general wage increase. That means that individuals in the society in the 1970's who probably benefited by inflation perceived that they were hurt.

I posit that they came to Congress for relief. I will show that, specifically what happened in 1981 when they came in for relief. One effect has to do with the deadlines. When I went back and actually did a simple accounting on the deadlines, you skip your deadlines in the situations when there is a lot of conflict inside those Congress. You miss deadlines because it is hard to bargain out very real differences.

On page 14 [see p. 129] there is a table that tells you the number of days from various starting points that it took to finish all the 13 appropriation bills or the continuing resolutions, if that is what was enacted. If you hold the fiscal year constant—for the period before 1977 in column 3 start counting from July 1, which is the beginning of the fiscal year before 1977, and then after that I count

from October 1—you will see that the amount of time it takes on average to complete all appropriation bills is exactly the same.

The way I interpret this is that Congress will not bargain out a real conflict until it comes to a real deadline, not a deadline that is in the Budget Act that doesn't mean anything, but a real deadline. When the Chamber of Commerce people ask you to make an analogy between their world and yours, remember that as businessmen they have to report to bankers, to Moody's which rates their bonds.

In your world, you control the bank. So that the only real deadline you have in this process, where people begin to take it seriously, is the beginning of the fiscal year.

Mr. DICKS. Or when the Attorney General says if we don't pass it by such and such a date the Government shuts down. That is real.

Mr. ELLWOOD. There has to be a real date like that. I think there is an implication of this in terms of many of the proposals before you. The Congress wants to have more time to do other things than budget and therefore the proposals tend to, say, stretch out the budgetary process.

The Dingell bill wants to push the March 15 reports back to February 15 to start earlier. My feeling is if you stretch it out, budgeting will grow to fill in that entire space. If you think there is a serious role for something else, start the budget process later. Start the process July 1 and then you have all the springtime to do whatever else you think is important because budgeting will just grow and dominate the process, but no one will come to closure on the bargaining arrangements that you have to work out, because people will keep bargaining as long as you keep going.

So I don't think the stretching logic will work for you in terms of actually getting time to do other things.

Mr. DICKS. Some of us believe that we don't properly use the time in January and February to the fullest extent possible around here. If we did start earlier, like we did this year, moved it up to March 15 or before that and tried to get the budget resolution earlier in the year, we would be using our time more effectively.

Mr. ELLWOOD. I guess I would say that the reason that you were able to do it this year had to do with the level of conflict rather than when you started. As I think you have stated at this hearing, what is really different this year is that there is a general consensus across parties. If you look at the years when Congress was able to pass the appropriation bills quickly, there was general agreement about the big issues out there. There might be specific problems with individual programs, but on the general macro issues of the entire size of the budget and the proper fiscal policy, I think you can be very speedy on that one.

I am taking too much time. The next point I would like to make and the next table that you might be interested in is from a CBO standard projection report. It is the table on page 17 that shows what everybody has said about the declining power of the Appropriations Committee over the budget [see p. 132].

In the table, the key row lists appropriated entitlements, which I have placed under the jurisdiction of the authorizing committees. Members of the Appropriations Committees might object to that on the grounds that an appropriated entitlement like medicaid re-

quires an annual appropriation. They would argue that it should be put under the appropriations rubric.

The difficulty with this reasoning is that in practice they have been unable to control the funding level for medicaid in the appropriations process. If you want to control it you would have to control it through the authorizing process. You see only 19.5 percent of domestic spending of—27 percent of all spending—was controlled by the appropriations process in 1983. The problem caused by this is that although this is a small amount of money, it is money for programs that are very important to Congressmen and their districts. They are not the programs that are driving budgetary growth but they are programs that provide direct grants to the districts, fund dams, schools, highways, et cetera.

Moreover, most of the accounts of the Federal budget fall into that 19.5 percent. All the big dollars below fall into a limited number of accounts—about 50. What happens is that Congressmen assume that the amount of work they do on individual accounts correlates directly with what is really driving the budget, and that is wrong, and so what you really have is a misallocation, from the viewpoint of controlling the budget over time. But I don't think it is a misallocation of time from the viewpoint of the Congressman for his district.

Finally, turning to specific proposals and the specific problems. In the first place, I think the reconciliation process, as it now exists, that is to say associated with the first concurrent resolution, is what the Congress needs to control spending if it wants to control spending.

Mr. DICKS. That is the bottom line.

Mr. ELLWOOD. Yes. I personally would like to see a larger Federal sector with higher taxes to eliminate the deficits. Other people who come before you have their view.

Mr. DICKS. Right.

Mr. ELLWOOD. But the point is, whatever the view, assuming that you as representatives can express that view, you have the tool in reconciliation to do that, for three reasons. First, reconciliation is directed at the programs that have been growing, the entitlements. You have heard that argument a lot.

Second, what it does is to give the entire House, the House speaking as a whole, the vehicle for telling committees that normally would not have to act on a bill that they must act on a bill. Even though legally it is different, I have always viewed reconciliation as nothing but a huge discharge petition.

The calculus is such that on entitlements the people who like spending have to simply prevent action, as against bills that go through the appropriations process where the people who like spending have to achieve action. That is where they have an advantage with entitlements.

Reconciliation essentially negates that advantage. The whole House tells these committees they must do something.

The third advantage deals with something that is central to academic arguments about balanced budget amendments, a subject I worked on when I was at CBO. The argument that you have heard a lot is that the reason there is an upward bias in Federal expenditures in any democratic government is because the benefits for any

program are concentrated on a few individuals whereas the cost is spread over all taxpayers. So if you have 100 million taxpayers in your society, and you want to increase a \$10 billion program by \$1 billion, the average cost per taxpayer is only \$10.

President Reagan used this analogy in his speech on El Salvador. Carl Sagan likes to say for a penny a day for the entire world's population we can go to Uranus, or something like that. It is that sort of an analogy. The great advantage of reconciliation is that it puts all the individual bills together in one big package, and then if your committee chooses to give it a closed rule or a modified closed rule only allowing substitutes rather than amendments, then the argument shifts from the virtue of the individual programs, to the virtue of the entire package, if that is what the Congress thinks is important that year. This eliminates the argument that the system is upward biased. You have a tool to counteract that.

The final point I would like to make—

Mr. DICKS. It gives you a chance to control the so-called uncontrollables politically?

Mr. ELLWOOD. Politically, if you really want to do it. You could also use it to raise spending if you really want to do that. I approve of such a neutral process, I do not agree that somehow you should build a bias into the Constitution or the Rules of the House. It is essentially what the people want at that point.

Any budgetary process that the Congress engages in is bound to involve a loss of freedom to the individual Members of the Congress, and I quote here a statement made when I was a staff member on the Senate Budget Committee. I was behind the rail in the House, and a senior Member turned to a junior Member who had just been elected in the class of 1974 and said, "You know what this is all about, don't you? They are taking away our freedom!"

This was also true under the old seniority process, however. I quote Robert Caro's story of a junior Warren Magnuson being gavelled into order by Chairman Vinson. George Mahon liked to tell the story that he was put on the Naval Affairs Subcommittee of the Appropriations Committee when he joined the Congress. He went up to the chairman and asked why. The chairman said, "Because there is no water in west Texas." There was a general rule in the old days to try to put people on committees where they couldn't directly benefit their districts.

Now I don't think that will ever happen again, because it means in essence that people can't run for the committee assignments that benefit their districts, and I don't think that the Members of the Congress would like that, but all of these things involve a loss of freedom.

What I want to end with is to talk about placing ever-tighter limits on spending, through reconciliation or through constitutional amendments or whatever. To do that, to follow the logic of any of those proposals, you have to do one of two things. One is that you have to try to control everything, because if I am correct, and you have upward pressure, citizens and groups and firms out there want special things from you; if you clamp them down here on one part of the budget, they will explode on the other part of the

budget. Your earlier comments about tax expenditures are correct in this regard.

I should just say that while the Chamber of Commerce does not talk about tax expenditures——

Mr. DICKS. Doesn't acknowledge they exist.

Mr. ELLWOOD. Correct, but I am involved in teaching students, who go out and run the corporations that make up the Chamber of Commerce and we don't call them tax expenditures. We are much more honest. We call them tax shields.

If you don't know how to include a tax shield in your present discounted value in a finance course, you don't pass the course. So that while indeed, in a political theory sense there is an argument about the concept, but in a pure sense the firm is and knows that it is benefiting from it.

I realize that there are methodological problems with the concept of tax expenditures. There are problems that involve the question of whether you can add them all up. Some of the comments that were made today indicate that you can't just put tax expenditure limits in the resolution, because a lot of the growth of tax expenditures has to do with people being kicked into higher tax brackets because of inflation, since tax expenditure levels are frequently driven by marginal tax rates. If you have a higher marginal tax rate, the tax expenditure will grow over time.

Also, if you eliminate tax expenditure A, if the person has a good accountant he will simply switch his avoidance mechanism to tax expenditure B; thus they are not addable. But let's talk about the events of 1981, which a number of people have mentioned.

There are two types of control that are absolutely necessary under the reconciliation process. One is what I call horizontal control, across the different types of activity, and the second one is intertemporal, the control across time, the need for a multiyear approach. In 1981, it was obvious that the expenditure side of the budget was no place to go to for special benefits. In fact, it was being cut.

So what happened? People who wanted special benefits went to the tax side of the budget. That is horizontal control, so that you essentially had an explosion of revenue loss on the tax side as people sought out specific tax expenditures. I have the data here which I took from the Congressional Budget Office figures.

If you took the Economic Recovery Tax Act [ERTA] of 1981, it created 11 new tax expenditures, it expanded 21 existing tax expenditures. These figures are on page 23 [see p. 138]. In November 1982, CBO estimated that these subsidies through the Tax Code would cost the Treasury \$1.5 billion in fiscal year 1981, \$11.1 billion in fiscal year 1982, \$25.4 billion in fiscal year 1983, \$42.4 billion in fiscal year 1984, \$57 billion in 1984, \$57 billion in 1985, and \$79.3 billion in fiscal year 1986.

Even when you add back the money that was recovered from the Tax Equity Act (passed the following year to close a lot of these tax expenditures) in 1986 you have still lost \$40 billion from the Treasury.

Now turning——

Mr. DICKS. Over what time frame?

Mr. ELLWOOD. That is that year, revenues will be \$40 billion lower because of the tax expenditures that were added or expanded.

Mr. DICKS. Even including TEFRA?

Mr. ELLWOOD. Right. Without TEFRA, revenues would have been \$79.3 billion lower than the previous law.

Mr. DICKS. This doesn't factor in social security, though, does it?

Mr. ELLWOOD. No; it does not. I am just talking about the tax expenditures that were passed because of ERTA; I am not talking about the indexing provision of ERTA; I am not talking about the Roth-Kemp provisions; I am just talking about the tax expenditures provisions. You closed half of that and now you are only going to lose \$40 billion.

Let's talk about control over time, which I think is very important, in terms of actually using reconciliation. In 1981, the Congress lived within its reconciliation instructions, but what happened was, as mentioned before, various units within Congress, got involved in a bidding war as to which one would provide the best tax bill.

It is not a question of blame. What I want to point out here is that the same logic that is always used by conservatives on the expenditure side, of concentrated benefits, dispersed costs, is just as operable on the tax expenditure side as on the expenditure side.

What happened was you closed it down all right, on the expenditure side. Those reconciliation instructions were constructed for a 3-period year to guarantee that you wouldn't just save money the first year and then go right back up the second year. But on the revenue side, you only had reconciliation instructions for 1 year, and page 25 of my testimony contains a table of what happened [see p. 140].

You will notice that for fiscal year 1982, the prior tax revenues would have equalled 21.5 percent of the gross national product. President Reagan's first proposal in March would have lowered this to 20.4 percent. The proposal that was passed, which is the bottom line of the table, which is ERTA, was 20.4 percent, and then under TEFRA it is still 20.4 percent, so everybody is living within the limits in 1982, but let's go out to 1984, the year that you are beginning to deal with now.

If you had kept the prior law, taxes would have continued to rise as inflation and real growth kicked people into higher marginal tax rates. The original Reagan proposal, what President Reagan wanted, would result in revenues equalling 19.3 percent of GNP. What he got with EDTA—I put these in order of size, which is the bottom line—was 17.4 percent.

Even when you passed the gas tax and TEFRA, you didn't even get back to the original Presidential request level. These are OMB estimates. You are back to 18.6 percent.

Mr. DICKS. And that is because of all the additional things.

Mr. ELLWOOD. All the additions, what happened.

Mr. DICKS. IRA's.

Mr. ELLWOOD. Yes. And all the tax expenditures, but also the accelerated depreciation, which was expanded.

Mr. DICKS. This wouldn't take into account indexing, though?

Mr. ELLWOOD. No. Indexing will start in 1985, and then it does take into account indexing. But that is why I chose 1984 to not get involved with the indexing.

The line that you usually hear in the press or in the Greider article about David Stockman is that the problem was that the President got what he wanted. That is not the problem—he got twice as much as he wanted on the tax side, largely because you controlled one side and then you just had an explosion someplace else. You are going to have to get a mechanism to control all parts of the budget in a multi-year framework, unless you are going to give up on the whole process of controlling all the different parts of the budget.

I will just stop right there.

Mr. BEILENSEN. That was excellent testimony, Dr. Ellwood. We appreciate it enormously. We shall go through it again. I am sure that our colleagues will do so also.

Mr. DICKS. I just want to say I think you have really come to the central question. This was mentioned by former Congressman Adams as well. The procedures are there if we want to use them. It is a question of the political will.

Mr. ELLWOOD. Right.

Mr. DICKS. Spending has been an evil curse out there for various groups, and they publicized it, and they have equated it with inflation and high interest rates and this is what the terrible Congress does. But they haven't really ever focused on the dimension of these tax expenditures.

I think that if people really fully recognize what the growth rate has been there, they would be equally as concerned. I think you are absolutely right. If you are going to really control this, you have got to control the entire budget.

Mr. ELLWOOD. If you look at the history of what happened when the Chrysler Motor Corp. had to come to the Government for a benefit, the initial plan was to ask for a direct subsidy because it has the biggest bang for the buck. They were told in informal conversations in Treasury that that was impossible.

The second thing they wanted was a tax expenditure. They were told politically that was impossible to get through Congress.

The third thing they wanted, therefore, was a guaranteed loan. If you push them from one place, they will go to another place, if indeed they feel, not just Chrysler but all individuals in society feel that they really need something from the Government.

Mr. DICKS. I haven't heard your statement in total, but did you get into areas in the credit budget as well?

Mr. ELLWOOD. I didn't go into that in detail. The same logic applies, however. You have got to have a credit budget. There are technical difficulties, and you can use your experts at CBO and other places, that a credit dollar is not quite the same thing as a direct outlay dollar, and therefore you can't put them all under one single limit. And there are several papers out there—CBO has published a number of them—trying to suggest various ways of doing this.

Mr. BEILENSEN. It doesn't have the enormous impact on the deficit that expenditures do?

Mr. ELLWOOD. No; but the question is, why is the deficit bad? If the deficit is bad basically because you are scared that 2 years from now, during the recovery, you are going to have the private sector firms out there wanting to invest to expand plant and equipment, it makes no difference whether the Federal Government is borrowing for the deficit or whether the Federal Government is essentially reallocating credit to certain individual firms. There is a fairly fixed amount of credit at one point in time, and in both instances——

Mr. DICKS. How do you view that argument, that there is going to be a credit shortage and interest rates are going to go back up?

Mr. ELLWOOD. I am not a macroeconomist. I am somewhat sympathetic to the argument. I don't like the term structural deficit because it is introducing another term like uncontrollable spending. The deficit that the President and the Congress enacted, the policy deficit, grows larger in dollar terms on any set of economic assumptions through the 1980's.

If you standardize it like I did with these figures on high employment figures, whether you choose 5 percent full employment, 6 percent or 7 percent, the lines just keep going up. Clearly, it is not a problem right now, in normal economics it would not be a problem right now. But if you are going to have a recovery, you are going to face a situation in which the Federal Reserve Board will say:

OK, we can either monetize the deficit and provide enough money out there so people and firms as well as the Federal Government can go into the credit markets.

Or if it is a conservative Federal Reserve Board, as it has been recently, it will say:

The problem with that strategy is that it will rekindle inflation, so we are going to clamp down and then the economy will just go right back down.

I am fairly sympathetic to that argument, but I am not an expert on it. Thank you.

Mr. DICKS. Thank you very much.

Mr. BEILENSEN. Our last witness is Dr. Charles R. Knerr, associate professor of political science, University of Texas at Arlington.

Dr. Knerr, we appreciate your having come here.

Mr. DICKS. And your patience.

Mr. BEILENSEN. Maybe you have learned something, as we all have.

**STATEMENT OF CHARLES R. KNERR, ASSOCIATE PROFESSOR,
DEPARTMENT OF POLITICAL SCIENCE, UNIVERSITY OF TEXAS
AT ARLINGTON**

Mr. KNERR. Thank you for inviting my testimony. Like my colleague from Dartmouth, I believe the fundamental problem is not the procedure by which the Congress adopts its budget, but rather disillusionment, alarm about the outcomes. Let me turn to a few of the points of disillusionment. Every witness today has talked about Federal deficits. Can we allege that congressional budget procedures produce the current deficits, and those that are projected for coming years? I think not.

You go back to 1981, and in 1982, the Congressional Budget Office, the House Budget Committee, many academicians, others,

warned of massive uncontrolled, virtually, deficits projected throughout the eighties if Reaganomics were approved by the Congress.

The process in the Congress was basically controlled by the President, as everyone knows, and I wish my colleague from USC were here today, Professor Laffer, to defend his theories. I understand he developed them on a napkin. I would like to see some more thorough examination of the ideas he presented.

Mr. BEILENSEN. It was a cocktail napkin.

Mr. KNERR. I have often wondered whether or not I should not send him a box of toilet tissues.

Mr. DICKS. It had a lot of glass marks on it, too, a lot of wet spots.

Mr. KNERR. I will confine my comments today to a number of other points. The President's domestic policy has essentially been the budget, and you would expect that the Congress would spend a great deal of its energy, a great deal of attention to the budget, given this is the cornerstone of domestic policy.

Can we allege that the congressional budget process has broken down because the President has emphasized the budget so massively? I think not. I think it has worked rather well, notwithstanding the levels of conflict.

Now, several speakers have talked about the electorate. I am deeply concerned that a large number of widely held myths have arisen in recent years, and I think everyone in this room has heard it. "The Federal Government is bankrupt," they say. Deficits cause inflation; spending is out of control. And one of my favorite is tax, tax, tax, spend, spend, spend. Young people believe that they will never see a social security check.

Now, sloganeering is an American political institution. It is part of the culture, but the fact that a large number of slogans have arisen in the last 4 or 5 years regarding the Federal budget, the fact that most of these slogans are factually untrue, or can be proven or disproven, is alarming, in my opinion.

Can you fault the congressional budget process for the rise of these slogans? I think not. But can the congressional process do something about the slogans? I think they can. The problem is that CBO and the budget committees produce highly technical excellent reports, but the fact of the matter is the general public and the media out there don't understand what these reports say.

I think there has to be some effort at lowering the language, putting out pamphlets or something, that would deal with these popular myths that have arisen out there, and this could be used by individual Congressmen in fact.

I am sure, I know they get mail saying "I am concerned that spending is out of control." A letter could go back with the simplistic, very simple, without a lot of charts and fancy numbers and all of this, explaining that spending is not out of control.

Anyway, I do believe that the Congress, the individual Congressmen and their staffs, and those academicians are experiencing information overload about the budget. I have a pile of budgetary documents in my office, I have a file, but just the budgetary documents produced over the last 2 years is totaling almost 6 feet in depth and I don't know that any Congressman or any staff member

of Congress could possibly read all those reports. They contain high quality information, there is no question about it, but of what use is all of that if no one can possibly read them all? I know the media can't possibly.

The issue about all this information is that although the quality and the quantity of budgetary data has increased since 1974, these same simplistic myths have also increased. Perhaps this is the way of the public and the media to cope with all of this data.

Another point about the electorate. A large percentage of the electorate believe that the services they receive from the Federal Government are far less in value than what they pay into the Federal Treasury in taxes. Many believe that nothing is returned. That a vast whirlpool is located here in Washington, that somehow suction away all their money into somewhere. They just don't know where.

Obviously, because of the tax and spending structure, some do receive less in return than they contribute. Others receive more in return. I believe part of the problem is the Federal Government has increased its dependency upon direct taxation. If payroll taxes and income taxes and individual taxpayers could add up every year how much they paid in, but yet they cannot develop a corresponding balance sheet of the services they received in return for this money.

There are a couple of solutions that could be made to this problem, if it is indeed a problem. I think it is a problem. One is that the Federal revenue structure might be altered, as it was last summer, in favor of more indirect revenues, that people can't add up at the end of the year. It's hidden away perhaps in every purchase that they make, to fund the activities which they do want funded, by the way.

Another approach, that I am not sure about the legal or the political implications of, will be simply to send taxpayers a statement. For example, I will give you a little illustration in my written statement:

"Dear Mr. and Mrs. Taxpayer: Last year your Federal income tax payment amounted to—" some number. "Last year's Federal budget, as approved by the Congress, allocated revenues as follows."

Tell them that they contributed \$2,000 to national defense or \$1,000 to interest payment on the national debt. There is a vagueness when it comes to services. There is a clarity when it comes to taxation. Anything which could be produced to reduce this gap I think would be beneficial.

A few of the other witnesses today developed thoughts about the Federal budget, and I want to keep my comments really short because it is after 1 o'clock. Many States have experiences with 2-year budgets, biennial budgets, including my own State of Texas.

I can't speak to all of the other States, but I know my experience in Texas. The Texas Legislature has, after finishing their 2-year budget, averaged two special sessions to revise the budget. New crises evolve. Last year they had three. I think this is a common experience nationwide. Multiple-year budgets or 2-year budgets look good on paper, but in theory they don't pan out.

Another point I want to make is that much of Federal spending is already multiple year, if you think about it a moment. Much Federal procurement, the entitlement in a sense are multiple year. I don't know the percentage that you could think of in terms of multiple-year, but obviously it is very high. If it is probably more than 50 percent of the budget, in a certain sense it is multiple year.

The second comment I want to make is having worked on the executive branch budgeting, there is only an appearance on the surface of order and clear management over there in the bureaucracy. The real truth is it is just as messy as the congressional process. Bargains are cut and wheeling and dealing goes on and tradeoffs are made.

The reason it appears so orderly is that it is hidden. It is hidden from public inspection. In fact, very few citizens out there, I would suspect, even know that the Federal Government goes through a budget process. They are only aware that the Congress goes through a process.

Mr. DICKS. And there is a final authority.

Mr. KNERR. Pardon me?

Mr. DICKS. There is one final authority——

Mr. KNERR. Yes.

Mr. DICKS [continuing]. The President of the United States——

Mr. KNERR. Yes.

Mr. DICKS [continuing]. Who can say we are going to do this or that? Someone who can actually make decisions, where in Congress you know you have got to get the House, the Senate, the committee chairmen. It looks more orderly because there is a way to resolve disputes, which we don't always have on the Hill.

Mr. KNERR. And also bureaucrats run over to Capitol Hill after the President disapproves what they want to get it in back again. This is very common strategy. Everyone knows it goes on.

In regard to making the first resolution binding, I would suggest, like my colleague from Dartmouth, that the date be moved forward about the 15th of July, and to compress the time. Get it over with. Compress the conflict within as short a time period as possible. It is going to occur every year. You know there is going to be conflict, and by stretching the decision process out I don't think that resolves anything.

Mr. DICKS. You could start it earlier but end it earlier.

Mr. KNERR. That is right, end it earlier. I would be glad to go on. I think the hour is running late. I will be glad to answer any questions you might have.

[Mr. Knerr's prepared statement follows:]

WRITTEN STATEMENT

Charles R. Knerr
Associate Professor
Department of Political Science
University of Texas at Arlington
76019

April 29, 1983

Mr. Chairman, Other taskforce members, staff members, and guests:

Thank you for inviting my commentary today. I am Charles Knerr, Associate Professor of Political Science, University of Texas at Arlington (76019).

As a student of federal budgeting, and not a practitioner, I have much to learn. You and your colleagues are the practitioners. You are in the thicket, so to speak. You must decide whether the federal budgetary process must be modified.

This obligation is awesome. I must decide the fate of a single student—an "A" or an "F", or a "C". I must decide whether to recommend a student for law school or to graduate school. I must decide trivial matters, compared to your task. I'm humbled by the issues you confront today. I'm relieved that you must decide, not I.

The Essential Issue

The essential question confronting this task force is, "Given the widespread malaise regarding the federal budget (among the general electorate, their interest groups, members of the Congress, and certain Executive officers), given this great and perhaps growing uneasiness, might modifications of the Congressional budget process reduce the level of malaise?"

Outcomes, Not Procedures

Concern about the federal budget is mainly, but not totally, centered upon budgetary outcomes, and not upon the Congressional budgetary process itself. Several sources of dissatisfaction can be identified, among others:

- 1) Concern about projected federal deficits;
- 2) A President who has made the federal budget a cornerstone of his domestic policy;

- 3) The rise of popular myths regarding federal taxes and budgets;
- 4) "Information overload" of the Congress, the media, and the general electorate regarding federal spending; and
- 5) A widely held perception that taxpayers are not receiving their "fair share" of federal expenditures in return for their tax payments.

1) "Federal deficits"

An unusual level of concern has been expressed in recent months regarding projected deficits. Wall Street is jittery; the electorate is uneasy; a President finds his own party in almost open rebellion.

This concern is quite legitimate. Responsible analysts did not project a balanced budget. Responsible economists have rightfully condemned the deleterious effects of such deficits. And responsible Congressmen have echoed their views.

Is the Congressional budget process responsible for these deficits? After all the Congress has enacted two budgets since the election of President Reagan? Dozens of laws were enacted. Should "blame" be placed upon the Congressional budget process for the projected deficits? I believe not.

The Congressional Budget Office, in 1981 and 1982 warned of massive and unprecedented deficits. The House Budget Committee issued similar warnings. Responsible economists rejected the claims of a tiny minority of their profession.

2) "The President's Domestic Policy"

The Administration has chosen to elevate the federal budget--taxes, expenditures, and the resulting deficits--to be key element of domestic policy. Given this, we would expect the media and the electorate devote a considerable amount of attention to the budget. And the Congress could be expected to exert a disproportionate amount of energy to the budget.

The Congressional budgetary process has worked well, in my opinion, not perfectly to be sure. Should changes be made merely because of the heightened status of the budget? I think not.

3) "Myths Regarding Federal Taxes and the Budget"

A large number of widely held myths have arisen in recent years:

- The federal government is bankrupt!
- Tax, Tax, Tax! Spend, Spend, Spend!
- I'll never see a Social Security check!
- Deficits cause inflation!
- Welfare causes deficits!
- Spending is out of control!

Sloganeering is an American institution, a part of the culture. That an unusual number of concerns the federal budget is somewhat alarming, and certainly contributes to popular malaise. But can the Congressional budget process be faulted for the rise of these slogans? I think not.

I do recommend, however, that these slogans be challenged by responsible elective officials and by the Congressional budget institutions, the Budget Committees and the Congressional Budget Office. The media and the general public could become better informed about these myths.

4) "Information Overload"

The past decade has been a period of steadily increasing quality and quantity of data regarding the federal budget. Mr. Chairman, I have a pile of federal budget reports in my Arlington office which approaches six feet in depth. I confess I've not read every report.

Here we can fault the process. Individual Congressmen and their staffs cannot possibly read and digest all of this data. I cannot.

Irony surrounds this information explosion, in that although the quality and quantity of budgetary data has increased, simplistic myths have arisen. Perhaps the myths are a "coping mechanism."

No specific recommendations are offered here to reduce the "information overload." Indeed, Congressmen and their staffs are perhaps better informed than ever before about the federal budget. Thus, the trend might be healthy.

5) "Gap Between Taxes and Spending"

A large (but unknown) percentage of the electorate believe that the services received from the federal government are far less than what is paid in taxes. Many believe that nothing is returned; that a vast whirlpool is located in Washington on Capitol Hill, which suctions their taxes away.

Obviously, because of the tax structure, some do indeed receive less in return than contributed. Others receive more than contributed.

Part of the problem is the federal government has increased its dependency upon direct taxation--income and payroll taxes. Individual taxpayers can add up how much was paid.

Two recommendations can be made regarding this problem:

a) The federal revenue structure be altered in favor of indirect taxation. The 1982 Revenue Code changes were a step in the right direction, as was the recently imposed gasoline tax increase. The less explicit the tax or fee, the less likely the public will be aroused, and the less likely the tax evasion potential.

b) A mechanism should be found to link tax payments with expenditures. One approach might be to provide taxpayers with a statement of their contributions to functional budgetary categories, i.e.,

Dear Mr. and Mrs. Taxpayer:

Last year your personal federal income tax payment amounted to \$6,492. Last year's federal budget, as approved by the Congress, allocated revenues as follows:

<u>Budget Category</u>	<u>Percent of Total</u>	<u>Your Contribution</u>
National Defense	27%	\$1,753
Agricultural programs	8%	\$ 519
Interest on Debt	14%	\$ 908
Etc.	Etc.	Etc.

Legal and political problems might arise from such an approach. But I do detect a strong dissatisfaction based upon a perceived gap between tax payments and service delivery. Anything which might be done to reduce this gap could be beneficial.

In summary, most of the problems I've discussed to this point center on dissatisfaction with outcomes, and not the process itself. Corrective solutions are possible with some of the uneasiness, but not all.

Criticisms of the Process

In general, the Congressional budget process works rather well. The impoundment disputes of the early 1970's have disappeared. The Congressional Budget Office is producing high quality analyses of important issues, perhaps to an excess, in that many are not read and digested. The Budget Committees are similarly well staffed and possess high technical expertise.

Nonetheless, criticism can be identified:

- 1) Information overload;
- 2) Congressional preoccupation with procedural votes, and with intense value conflicts; and
- 3) The reconciliation mechanism.

I am convinced that all of the above problems lie with the general political climate, with a President who has made the federal budget the key national issue, with a dissatisfied electorate, and with individual Congressmen and their staffs, who have grown weary of the conflict.

To use one of the President's phrases, "Stay the course!" In my opinion, the storm will ease.

Ten years is a relatively short time frame for evaluation. Stay the course.

Mr. BEILENSEN. I don't have any unless Mr. Dicks has further questions. We do appreciate very much your coming all this way to share your testimony with us.

We are adjourned. We will meet again week after next when we start talking about specific alternatives. My special thanks to my friend from Washington.

Mr. DICKS. Glad to be here with you, Mr. Chairman. It is always a great honor.

[Whereupon, at 1:25 p.m., the task force was adjourned.]

[The following material was submitted for the record by the National Conference of State Legislatures:]



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June 30, 1983

The Honorable Anthony C. Beilenson
Chairman, Task Force on the Budget
Process
1627 Longworth House Office Bldg.
Washington, D.C. 20515

Dear Representative Beilenson:

Although we were not able to provide a speaker for your hearings because of the heavy state legislature schedules at that time, we have compiled a descriptive analysis of the current budget procedures in the 50 states.

I am pleased to be able to provide you with this document as an aid to the discussion of the congressional budget process. If the hearing record for April 29th is still open, I would appreciate the opportunity to have it considered for inclusion.

Sincerely,

William Hagan II
William Hagan II
Director,
Congressional Relations

WH/taj

Enclosure

**LEGISLATIVE
FINANCE PAPERS**

**LEGISLATIVE BUDGET PROCEDURES
IN THE 50 STATES**



NATIONAL CONFERENCE OF STATE LEGISLATURES
FISCAL AFFAIRS PROGRAM
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LEGISLATIVE BUDGET PROCEDURES
IN THE 50 STATES

Legislative Finance Paper #21

January 1983

Barbara Yondorf
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Fiscal Affairs Program

National Conference of State Legislatures
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INTRODUCTION

This document is designed as a source book of information concerning the legislative processes in the fifty states. Tables in this publication cover such diverse elements of the appropriations process as the composition and staffing of appropriations committees, the format and content of appropriations bills, interim budget oversight, and the use of caucuses and conference committees in the appropriations process. The appendix includes two-page summaries of the appropriations processes in 25 states.

The information presented here is based largely on the results of surveys the National Conference of State Legislatures sent to legislative fiscal officers in July 1980, November 1981, and July 1982. In some instances, as noted on the tables, we also include data from the following sources: The Council of State Governments, The Book of the States 1982-83; National Association of State Budget Officers, Budgetary Processes in the States: July 1981; and American Society of Legislative Clerks and Secretaries, Inside the Legislative Process, October 1982. Drafts of Legislative Budget Procedures were mailed to legislative fiscal officers in the 50 states in December 1982, and more than 35 states responded with comments and corrections.

Trends

Much of the information presented here was first published in a 1975 guide, State Legislative Appropriations Process, and has since been updated. A comparison of that 1975 publication with this one shows some striking developments over the past seven years in the way state legislatures conduct their business.

With respect to budgeting, one of the most dramatic changes that has occurred since 1975 has been the adoption of spending limits by a number of states. In the late seventies, 16 states passed constitutional amendments or wrote statutes which put a lid on state spending, in addition to their existing balanced budget requirements (Table A-6). This put increased pressure on appropriations committees to coordinate their activities with other standing committees to assure that the sum of the state budget and any new bills with fiscal impacts did not exceed the state spending limit. As a result, there is now much more formal coordination than there was seven years ago between substantive and appropriations committees, via such mechanisms as meetings of chairmen and leaders and staff coordination (Table C-12).

Caucus procedures on the budget have also changed a great deal since 1975. The passage of a number of so-called "sunshine" laws over the past seven years opened up the caucus process to public view in many states. In 1975, two of 37 states using caucuses on budget bills had open caucuses; by 1982, 14 of 39 states had open caucuses (Table C-14).

In the area of legislative fiscal staff organization, the trend over the past seven years has been toward the decentralization of staffs. In 1975, only 13

states had separate House and Senate fiscal staffs; by 1982, 18 had separate fiscal staffs (Table D-2).

Legislative staffs have grown significantly since 1975, reflecting the increased demand by legislatures for strong, independent professional expertise. Over the past seven years, House fiscal staffs have grown from an average size of 8.5 to 9.6 professionals, Senate fiscal staffs from 6.6 to 7.8 professionals, and joint fiscal staffs from 8.4 to 13.9 professionals.

As fiscal staffs have grown, so too have their workloads. Seven years ago, legislative staff routinely formulated legislative budgets in seven states, prepared some type of revenue estimates in 33, and prepared fiscal note analyses in 40. Today, they routinely formulate legislative budgets in 15 states, prepare revenue estimates in 38, and prepare formal fiscal note analyses in 47 (Tables D-3 and G-3).

Predictably, there has been a veritable explosion in legislative use of electronic data processing. While few legislatures made much use of computers in their appropriations processes in 1975, today almost every legislature uses the computer for some budget matter. Computers are now used by legislatures for such diverse purposes as revenue forecasting, budget comparisons, fiscal notes, state aid formulas, measuring the impact of salary and fringe changes, and tracking federal dollars (Table H-2).

State legislatures have substantially improved their ability to oversee federal funds in recent years. With the advent of the Reagan Administration block grant proposals, states began passing legislation or implementing new procedures that strengthened the legislative role in federal funds oversight. Today, 37 legislatures appropriate federal funds (Table F-1).

Acknowledgements

This document would not have been possible without the assistance and cooperation of the legislative fiscal officers in the 50 states. We would like to extend a very special thanks to them for taking time from their busy schedules to supply us with data concerning the appropriations processes in their states.

Special thanks also goes to Nancy Hauswald who sent out the initial round of surveys on which this document is based, to Bill Kelly for his comments and suggestions, and to Gwen Hutchinson for her assistance in correcting this paper.

Undoubtedly, readers will find errors in this document, which includes thousands of bits of information. The authors take full responsibility for all errors and would appreciate being alerted to them. In some instances, data may already be outdated. Once again, we ask your assistance in advising us of any new developments in your state which change the information presented here.

SECTION A

BACKGROUND

TABLE A-1
LEGISLATIVE SESSIONS

STATE	ANNUAL	BIENNIAL	APPROXIMATE SESSION LENGTH
ALABAMA	x		Early Feb.-mid-May
ALASKA	x		January-May (no limit)
ARIZONA	x		January-mid-April
ARKANSAS		x	January-mid-March
CALIFORNIA	x		December-early September (no limit)
COLORADO	x		January-early June (no limit)
CONNECTICUT	x		Odd: January-early June; Even: February-May
DELAWARE	x		January-June 30
FLORIDA	x		April-early June
GEORGIA	x		January-late March
HAWAII	x		January-mid-April
IDaho	x		January-early April (no limit)
ILLINOIS	x		January-June 30 (no limit)
INDIANA	x		Odd: Jan.-April 30; Even: Jan.-March 15
IOWA	x		January-early May (no limit)
KANSAS	x		Odd: Jan.-mid-April (no limit); Even: Jan.-mid April
KENTUCKY		x	Even: Jan.-mid April; Odd: org. session in Jan.
LOUISIANA	x		Mid-April-mid-July
MAINE	x		January-May (100 day limit) Even: Jan.-May (50 day limit)
MARYLAND	x		January-mid-April
MASSACHUSETTS	x		January-all year (no limit)
MICHIGAN	x		January-all year (no limit)
MINNESOTA	x		Odd: Jan.-late May; Even: Jan.-March
MISSISSIPPI	x		January-early April
MISSOURI	x		Odd: Jan.-June 30; Even: Jan.-May 15
MONTANA		x	January-late April
NEBRASKA	x		Odd: Jan.-late May; Even: Jan.-late March
NEVADA		x	January-May (no limit)
NEW HAMPSHIRE		x	January-June (no limit)
NEW JERSEY	x		January-all year (no limit)
NEW MEXICO	x		Odd: Jan.-mid-March; Even: Jan.-mid-February
NEW YORK	x		January-about July 1 (no limit)
NORTH CAROLINA	x		January-late June (no limit)
NORTH DAKOTA		x	January-late March
OHIO	x		January-all year (no limit)
OKLAHOMA	x		January-early June
OREGON		x	January-early July (no limit)
PENNSYLVANIA	x		January-all year (no limit)
RHODE ISLAND	x		January-May (no limit)
SOUTH CAROLINA	x		January-July (no limit)
SOUTH DAKOTA	x		Odd: Jan.-March 1; Even: Jan.-late Feb.
TENNESSEE	x		January-May
TEXAS		x	January-June 1
UTAH	x		Odd: Jan.-March 12; Even: Jan.-early Feb.
VERMONT	x		January-April (no limit)
VIRGINIA	x		Odd: Jan.-mid-Feb; Even: Jan.-mid-March
WASHINGTON	x		Odd: Jan.-April 25; Even: Jan.-mid-March
WEST VIRGINIA	x		Jan.-early April
WISCONSIN	x		Odd: Jan.-late June + Oct. sess; Even: Jan-May (no limit)
WYOMING	x		Odd: Jan.-Feb. 27; Even: mid-Feb.-early March
TOTAL	42	8	

TABLE A-2
BUDGETING PERIODS

STATE	ANNUAL	BIENNIAL	BEGINNING MONTH OF FISCAL YEAR
ALABAMA	x		October
ALASKA	x		July
ARIZONA	x		July
ARKANSAS		x*	July
CALIFORNIA	x		July
COLORADO	x		July
CONNECTICUT	x		July
DELAWARE	x		July
FLORIDA		x*	July
GEORGIA	x		July
HAWAII		x	July
IDAHO	x		July
ILLINOIS	x		July
INDIANA		x	July
IOWA		x	July
KANSAS	x		July
KENTUCKY		x	July
LOUISIANA	x		July
MAINE		x	July
MARYLAND	x		July
MASSACHUSETTS	x		July
MICHIGAN	x		October
MINNESOTA		x	July
MISSISSIPPI	x		July
MISSOURI	x		July
MONTANA		x	July
NEBRASKA	x		July
NEVADA		x	July
NEW HAMPSHIRE		x	July
NEW JERSEY	x		July
NEW MEXICO	x		July
NEW YORK	x		April
NORTH CAROLINA		x*	July
NORTH DAKOTA		x	July
OHIO		x	July
OKLAHOMA	x		July
OREGON		x	July
PENNSYLVANIA	x		July
RHODE ISLAND	x		July
SOUTH CAROLINA	x		July
SOUTH DAKOTA	x		July
TENNESSEE	x		July
TEXAS		x	September
UTAH	x		July
VERMONT		x	July
VIRGINIA		x	July
WASHINGTON		x	July
WEST VIRGINIA	x		July
WISCONSIN		x	July
WYOMING		x*	July
TOTAL	29	21	

TABLE A-2 NOTES

- AR: Every two years the legislature passes two annual budgets for the subsequent two years.
- FL: The executive submits a biennial budget, but the legislature only makes appropriations one year at a time.
- NC: Appropriations are made for biennium, but may be reviewed annually.
- WY: Appropriations are made for biennium, but may be reviewed annually.

TABLE A-3

State Government Expenditure, by Character and Object: 1981**
(Thousands of dollars)

State	Inter- governmental expenditures (table 50 col 11)	Direct expenditures										Subtotal: Total Expenditures and Receipts
		Total	Current operation	Capital outlay				Assistance and subsidies	Interest on debt	Insurance benefits and pensions		
				Total (table 12)	Construction	Land and existing structures	Equipment					
ALL STATES	93 179 349	198 347 649	182 796 107	24 265 624	20 931 961	1 181 892	2 901 770	6 889 397	6 197 118	31 281 303	53 291 668	
ALABAMA	1 136 633	3 236 882	2 208 944	466 138	380 267	19 234	63 197	161 867	68 326	332 617	876 940	
ALASKA	610 329	1 928 967	1 327 267	201 998	158 770	1 767	38 462	53 136	118 212	119 336	292 638	
ARIZONA	1 179 649	1 897 119	1 296 316	334 089	277 014	12 890	43 326	71 433	6 136	187 612	866 733	
ARIZONA	672 860	1 080 921	1 109 462	262 616	266 279	10 685	25 957	70 768	31 468	186 772	876 806	
CALIFORNIA	17 978 921	81 286 760	14 677 618	1 979 711	1 620 370	179 633	179 394	816 666	477 066	6 319 187	6 013 660	
COLORADO	1 190 129	2 171 219	1 520 918	246 948	190 219	27 688	29 048	30 990	38 433	330 426	806 614	
CONNECTICUT	763 080	2 077 617	1 636 914	283 980	219 237	14 623	36 110	474 791	268 560	628 791	797 140	
DELAWARE	865 249	823 743	2 512 830	114 707	83 086	2 390	22 312	42 404	60 663	87 083	244 611	
FLORIDA	3 252 472	5 021 273	3 297 516	879 964	790 639	6 261	78 864	247 027	156 622	409 280	1 743 829	
GEORGIA	1 643 281	3 730 989	2 645 661	988 439	941 090	1 471	58 078	179 536	76 071	628 066	1 086 623	
HAWAII	27 996	1 810 267	1 178 697	256 809	226 293	14 138	16 274	121 789	118 108	137 478	623 720	
IDaho	328 732	810 568	531 876	118 828	97 563	6 910	13 067	31 971	23 228	108 386	231 439	
ILLINOIS	3 767 183	10 187 589	5 692 788	1 139 632	1 079 963	27 887	98 863	1 189 722	416 822	1 188 282	1 324 439	
INDIANA	1 991 686	3 672 728	2 366 081	328 407	317 088	26 118	79 286	97 087	33 283	693 799	761 184	
IOWA	1 269 990	2 666 762	1 662 077	296 662	269 209	9 868	37 868	174 132	22 373	311 536	761 184	
KANSAS	662 129	1 898 437	1 280 796	293 298	263 064	11 029	41 228	136 247	22 777	246 289	636 431	
KENTUCKY	1 082 634	3 728 742	2 088 862	788 971	677 520	16 179	82 293	897 882	177 632	508 478	1 086 686	
LOUISIANA	1 082 634	3 728 742	2 088 862	788 971	677 520	16 179	82 293	897 882	177 632	508 478	1 086 686	
MAINE	306 476	1 113 967	701 087	678 481	512 447	81 647	61 367	176 117	169 228	609 213	1 243 641	
MARYLAND	1 680 622	4 136 958	2 702 368	641 324	394 060	6 062	42 376	294 383	177 387	521 060	1 086 686	
MASSACHUSETTS	2 132 928	8 673 180	3 702 208	666 769	399 644	18 839	26 298	591 962	368 722	708 686	1 376 624	
MICHIGAN	3 616 773	9 480 118	5 949 087	888 344	888 064	28 613	71 807	1 187 290	239 686	1 969 681	2 264 293	
MINNESOTA	2 384 786	3 695 968	2 564 068	389 680	329 680	28 477	43 013	58 453	138 714	538 111	1 631 036	
MISSISSIPPI	1 182 784	5 239 471	2 978 299	321 172	266 594	11 025	28 013	163 700	61 261	188 563	496 760	
MISSOURI	2 132 928	8 673 180	3 702 208	666 769	399 644	18 839	26 298	591 962	368 722	708 686	1 376 624	
MONTANA	226 328	899 773	510 077	176 304	161 268	2 860	12 226	30 611	22 248	120 729	262 579	
NEBRASKA	678 623	1 081 888	734 571	210 184	173 283	6 514	17 097	58 976	16 141	63 696	287 669	
NEVADA	292 260	637 563	487 000	216 940	201 137	3 261	18 188	19 488	27 252	221 249	223 294	
NEW HAMPSHIRE	143 720	888 212	588 481	73 180	76 994	2 993	12 093	37 323	36 039	56 209	201 877	
NEW JERSEY	3 584 436	6 891 566	3 888 026	816 071	591 926	67 109	129 956	113 738	332 611	1 467 683	1 499 407	
NEW MEXICO	641 021	1 277 634	899 490	215 767	183 429	2 717	29 848	96 439	63 407	102 331	489 290	
NEW YORK	11 379 291	16 796 460	9 752 168	1 773 988	1 619 780	68 224	71 973	964 268	2 084 472	2 642 066	4 486 594	
NORTH CAROLINA	2 296 094	8 221 209	2 790 659	320 439	238 930	2 171	82 676	226 616	113 866	267 273	1 461 510	
NORTH DAKOTA	2 050 409	782 861	320 429	125 032	104 820	4 287	18 798	28 567	14 288	70 209	210 182	
OHIO	3 587 538	9 721 312	4 268 234	1 131 326	966 969	20 982	113 653	686 094	258 493	2 112 907	1 669 280	
OKLAHOMA	947 493	2 843 029	1 658 454	430 720	411 149	19 766	60 808	171 133	90 362	232 346	782 590	
OREGON	980 395	2 017 034	1 581 140	311 641	239 817	26 636	31 466	176 311	363 696	249 288	708 080	
PENNSYLVANIA	3 678 148	10 616 152	5 568 621	821 147	698 999	27 771	76 279	673 260	422 118	2 319 644	2 181 081	
RHODE ISLAND	112 054	1 297 728	827 603	86 562	66 272	14 087	6 253	68 134	188 822	104 214	281 296	
SOUTH CAROLINA	880 898	3 091 068	2 082 774	482 324	414 211	6 073	29 938	66 689	39 990	300 719	928 096	
SOUTH DAKOTA	130 173	682 060	424 152	136 068	99 785	21 513	12 611	42 606	46 973	34 761	186 421	
TEXAS	1 020 169	3 210 782	2 092 479	479 783	420 778	21 408	32 997	110 886	68 168	469 771	932 206	
UTAH	490 060	1 400 290	9 874 406	1 704 120	1 506 040	66 337	201 253	349 282	136 148	887 276	2 393 320	
VERMONT	101 286	622 607	425 219	51 288	48 080	14 777	30 496	63 232	26 373	158 621	293 772	
VIRGINIA	1 977 293	6 914 529	3 188 294	692 918	662 198	28 241	27 476	218 587	132 726	322 039	1 473 057	
WASHINGTON	1 807 391	5 103 329	3 611 209	834 271	713 738	28 037	62 496	290 989	83 976	876 089	1 236 767	
WEST VIRGINIA	999 088	2 953 168	1 259 094	294 727	281 017	24 299	19 661	69 656	97 297	489 060	532 629	
WISCONSIN	2 628 610	8 012 734	3 705 349	359 056	306 016	19 111	38 125	65 961	177 568	765 207	1 627 371	
WYOMING	331 062	636 838	363 645	178 480	153 391	9 266	10 767	14 873	29 726	73 685	183 764	

**From: U.S. Department of Commerce, State Government Finances in 1981, U.S. Government Printing Office, Washington, D.C., September 1982, p. 37.

TABLE A-4

Per Capita Amounts of Financial Items for State Governments: 1981**
(Dollar amounts)

Item	Delaware	Alabama	Alaska	Arizona	Arkansas	California	Colorado	Connecticut
REVENUE, TOTAL	1 378.90	1 311.14	12 775.01	1 252.49	1 108.94	1 671.10	1 231.37	1 944.29
GENERAL REVENUE	1 142.74	1 146.74	12 111.44	1 021.14	874.25	1 276.25	1 005.23	1 119.42
INTERGOVERNMENTAL	313.34	349.49	923.44	213.25	244.45	349.27	298.70	267.26
FROM FEDERAL GOVERNMENT	290.42	319.10	890.42	205.54	241.22	349.42	272.00	245.99
PUBLIC WELFARE	127.89	93.07	116.74	28.29	131.59	174.44	94.70	129.38
EDUCATION	62.41	87.66	227.40	65.10	71.64	64.04	87.27	67.74
HIGHWAYS	41.47	59.77	334.42	50.37	64.23	23.52	43.07	31.47
GENERAL REVENUE DEDUCTIONS	6.98	2.29	9.47	4.92	6.98	5.42	4.61	6.41
EMPLOYMENT SECURITY ADMINISTRATION	10.45	7.21	59.25	13.42	16.42	10.81	4.90	13.13
FROM LOCAL GOVERNMENTS	18.92	31.39	3.02	7.67	3.24	8.88	3.70	1.39
GENERAL REVENUE FROM OWN SOURCES	829.42	819.24	11 128.02	807.90	629.90	1 014.12	799.12	842.22
TAXES	829.42	819.24	11 128.02	807.90	629.90	1 014.12	799.12	842.22
SALES AND GROSS RECEIPTS	322.04	324.79	132.04	291.24	384.49	349.00	299.47	440.23
GENERAL SALES AND GROSS RECEIPTS	209.40	132.09	132.04	291.24	384.49	349.00	299.47	440.23
SELECTIVE SALES AND GROSS RECEIPTS	118.09	176.90	132.04	94.84	112.21	52.14	78.96	191.20
TOTAL TAXES	42.99	62.08	97.80	44.30	58.17	35.46	27.51	48.49
ALCOHOLIC BEVERAGES	17.23	17.90	11.30	14.42	22.70	12.00	12.84	25.30
TOBACCO PRODUCTS	11.57	33.52	80.72	9.39	10.00	7.35	8.67	37.90
INDIVIDUAL INCOME	181.03	132.48	17.00	132.00	139.42	278.41	121.47	171.00
CORPORATION NET INCOME	62.41	25.49	2 326.80	46.84	39.29	119.29	26.00	86.00
NOTOR VEHICLE LICENSES	23.31	10.32	27.08	34.20	31.23	16.88	18.16	24.00
PROPERTY	13.06	11.00	43.49	43.49	2.13	30.75	1.89	12.1
DEATH AND GIFT	6.97	2.07	1.14	2.64	2.07	22.28	3.10	21.27
CHARGES AND MISCELLANEOUS GENERAL REVENUE	166.00	247.50	5 362.84	195.46	109.92	187.74	244.81	175.91
CURRENT CHARGES	49.00	88.70	70.22	63.62	41.40	36.24	22.49	21.87
STATE INSTITUTIONS OF HIGHER EDUCATION	10.04	60.60	0.33	15.72	12.30	21.12	22.49	19.90
HOSPITALS	6.44	—	—	—	—	2.69	—	—
TOLL HIGHWAYS	112.18	—	643.58	238.66	131.60	291.71	204.94	131.61
INSURANCE TRUST REVENUE	12.42	30.22	—	—	—	—	—	—
LIQUOR STORE REVENUE	8.07	—	—	2.85	—	1.00	—	4.60
UTILITIES	—	—	—	—	—	—	—	—
EXPENDITURE, TOTAL	1 290.40	1 123.23	12 320.95	1 131.38	1 030.33	1 441.30	1 148.92	1 203.41
GENERAL EXPENDITURE	1 122.81	1 008.61	6 031.90	1 045.10	948.44	1 080.75	1 031.94	1 055.80
INTERGOVERNMENTAL EXPENDITURE	412.47	291.69	1 232.72	423.51	294.29	742.74	394.54	281.43
DIRECT GENERAL EXPENDITURE	710.35	716.92	4 799.18	621.59	654.15	718.00	637.40	869.19
OTHER THAN CAPITAL OUTLAY	607.01	896.27	3 906.97	486.77	320.60	649.26	552.31	731.31
CAPITAL OUTLAY	103.34	120.00	801.20	122.67	123.54	66.75	66.75	78.48
EDUCATION SERVICES	420.03	463.01	1 647.87	501.93	394.19	567.32	474.87	299.26
EDUCATION	233.43	222.76	726.40	284.16	209.51	384.25	329.56	157.42
INTERGOVERNMENTAL EXPENDITURE	175.57	240.24	961.38	217.77	174.68	180.76	273.33	142.19
DIRECT EXPENDITURE	139.36	109.63	514.16	195.05	132.23	154.52	210.78	100.20
STATE INSTITUTIONS OF HIGHER EDUCATION	—	—	—	—	—	—	—	—
SOCIAL SERVICES	227.00	124.43	389.70	66.30	157.20	400.82	173.10	229.00
PUBLIC WELFARE	57.03	1.03	11.30	1.09	0.64	210.75	65.99	9.71
INTERGOVERNMENTAL EXPENDITURE	170.78	132.39	378.40	65.25	156.65	187.89	87.67	215.97
DIRECT EXPENDITURE	66.49	67.27	30.18	24.66	37.88	47.02	52.87	78.04
HOSPITALS	24.40	20.12	101.12	24.25	28.32	0.99	20.06	23.70
HEALTH	10.04	6.99	62.23	10.09	6.39	0.00	0.67	13.42
EMPLOYMENT SECURITY ADMINISTRATION	—	—	—	—	—	—	—	—
TRANSPORTATION	112.61	125.31	826.51	132.70	145.41	448.31	180.90	64.63
HIGHWAYS	21.03	29.14	29.71	25.80	31.11	19.60	30.14	8.94
INTERGOVERNMENTAL EXPENDITURE	91.50	106.15	496.60	106.84	132.94	44.71	70.40	70.99
DIRECT EXPENDITURE	—	—	—	—	—	—	—	—
PUBLIC SAFETY	22.95	16.97	94.08	32.52	12.60	23.95	25.52	20.75
CORRECTIONS	11.32	8.97	71.07	22.22	8.30	13.32	12.46	11.48
POLICE PROTECTION	—	—	—	—	—	—	—	—
ENVIRONMENT AND HOUSING	22.17	21.30	420.66	17.33	20.39	33.93	24.62	9.28
NATURAL RESOURCES	—	—	—	—	—	—	—	—
GOVERNMENTAL ADMINISTRATION	10.70	9.65	66.62	19.80	15.11	19.29	15.40	13.90
FINANCIAL ADMINISTRATION	15.14	14.08	120.19	9.87	7.66	9.24	17.99	22.80
GENERAL CONTROL	34.72	17.60	286.70	2.99	12.70	20.18	12.61	77.41
INTEREST ON GENERAL DEBT	—	—	—	—	—	—	—	—
INSURANCE TRUST EXPENDITURE	142.63	85.37	290.97	83.54	81.60	182.46	114.34	129.40
LIQUOR STORES	10.20	29.23	—	—	—	—	—	—
UTILITIES	19.61	—	—	2.64	—	0.07	—	20.42
EXHIBIT: SALARIES AND BONES	236.16	250.00	1 275.73	245.26	207.53	294.00	279.13	254.53
GROSS DEBT AT END OF YEAR	996.91	339.97	5 071.13	51.04	204.33	379.52	244.11	1 619.50
LONG-TERM	886.61	322.52	5 071.13	51.04	204.33	379.52	244.11	1 619.50
FULL FAITH AND CREDIT	232.76	30.82	1 763.89	—	—	281.26	—	765.67
NON-INSURANCE	353.06	291.70	6 227.28	51.04	204.33	112.60	243.90	644.27
SHORT-TERM	10.29	16.44	—	—	—	5.28	3.13	8.67
NET LONG TERM DEBT	260.93	265.60	3 181.77	66.00	94.35	224.67	96.03	824.43
FULL FAITH AND CREDIT	182.29	29.53	1 763.66	—	—	180.61	—	679.65
NON-INSURANCE	177.54	235.97	1 938.11	66.00	94.35	84.28	96.03	145.43
INSURANCE	—	—	—	—	—	—	—	—
CASH AND SECURITY HOLDINGS	1 251.15	882.99	10 401.62	1 408.60	825.16	1 719.37	1 344.64	1 295.60
INSURANCE TRUSTS SYSTEMS	828.47	842.10	2 260.03	1 107.64	463.20	1 288.92	946.15	820.40
EMPLOYEE RETIREMENT SYSTEMS	72.70	487.31	2 131.43	846.61	479.92	1 087.20	820.67	961.72
UNEMPLOYMENT COMPENSATION	31.50	24.54	226.51	101.01	115.12	132.29	25.74	37.29
OTHER THAN INSURANCE TRUSTS SYSTEMS	822.69	401.89	10 041.58	201.29	328.94	627.43	400.84	775.20

See footnotes at end of table.

**From: U.S. Department of Commerce, State Government Finances in 1981, U.S. Government Printing Office, Washington, D.C., September 1982, pp. 12-18.

Per Capita Amounts of Financial Items for State Governments: 1961—Continued

(Dollar amounts)

Item	Delaware	Florida	Georgia	Mass.	Texas	Illinois	Indiana	Iowa
REVENUE, TOTAL	1 890.32	926.36	1 070.37	2 161.33	1 296.43	1 267.11	999.61	1 259.50
GENERAL REVENUE	1 679.16	827.31	936.88	1 899.13	1 047.41	1 040.68	880.88	1 073.40
INTERGOVERNMENTAL	398.58	202.27	293.48	404.98	323.89	287.39	228.19	288.73
FROM FEDERAL GOVERNMENT	393.50	196.84	293.17	399.19	321.83	276.29	223.78	273.91
PUBLIC WELFARE	90.30	58.63	114.25	138.30	69.12	130.32	86.00	103.73
EDUCATION	79.42	49.25	67.81	103.52	54.95	91.86	67.71	61.12
HIGHWAYS	67.07	39.99	49.58	31.63	56.98	47.34	31.98	48.02
GENERAL REVENUE SHARING	5.79	3.69	4.61	5.54	9.95	4.93	4.04	5.00
EMPLOYMENT SECURITY ADMINISTRATION	31.09	5.77	6.77	14.83	17.77	10.20	8.39	10.94
FROM LOCAL GOVERNMENTS	5.08	5.63	2.31	5.73	6.06	6.06	2.37	12.82
GENERAL REVENUE FROM OWN SOURCES	1 280.50	625.05	661.10	1 463.21	723.52	783.34	662.79	786.67
TAXES	927.02	565.37	552.77	1 128.18	568.50	640.88	511.04	635.09
SALES AND GROSS RECEIPTS	133.64	401.03	294.66	702.66	248.91	322.93	327.34	289.61
GENERAL SALES AND GROSS RECEIPTS	-	260.91	104.76	568.00	193.59	294.18	267.96	176.65
SELECTIVE SALES AND GROSS RECEIPTS	133.64	140.12	189.90	134.67	69.32	118.76	78.40	112.96
NOTES FUELS	48.90	43.19	63.85	34.89	53.70	32.18	47.12	53.63
TOBACCO PRODUCTS	20.93	27.31	15.41	14.30	6.41	19.91	18.34	17.11
ALCOHOLIC BEVERAGES	6.98	30.67	17.82	7.22	7.99	6.72	6.48	5.66
INDIVIDUAL INCOME	440.70	-	169.62	247.00	196.50	178.21	117.10	231.17
CORPORATION NET INCOME	34.36	61.39	46.17	94.48	53.48	73.68	38.21	66.43
MOTOR VEHICLE LICENSES	36.27	24.68	8.68	6.69	38.50	30.49	19.62	49.48
PROPERTY	-	10.44	2.42	-	0.29	13.69	5.44	-
DEATH AND GIFT	14.23	7.35	2.15	6.76	6.87	12.65	7.27	18.87
CHARGES AND MISCELLANEOUS GENERAL REVENUE	353.56	79.78	88.63	369.05	159.03	112.56	151.12	150.63
CURRENT CHARGES	198.34	35.49	53.75	195.54	61.50	59.90	110.94	123.85
STATE INSTITUTIONS OF HIGHER EDUCATION	131.08	19.13	32.76	42.35	66.58	52.83	76.47	76.46
HOSPITALS	61.64	1.69	4.95	27.43	7.33	7.34	18.89	32.78
TOLL HIGHWAYS	17.01	9.27	-	-	-	8.52	5.72	0.64
INSURANCE TRUST REVENUE	205.41	96.38	133.40	263.20	267.43	206.43	110.76	139.81
LIQUOR STORE REVENUE	-	-	-	-	41.59	-	-	66.28
UTILITIES	5.76	0.79	-	-	-	-	-	-
EXPENDITURE, TOTAL	1 731.41	848.91	986.04	1 905.94	1 296.83	1 219.46	1 031.66	1 241.26
GENERAL EXPENDITURE	1 549.59	801.02	911.42	1 762.42	1 066.17	1 030.50	905.31	1 101.76
INTERGOVERNMENTAL EXPENDITURE	395.38	333.71	354.82	26.02	368.22	357.96	382.73	615.29
DIRECT GENERAL EXPENDITURE	1 224.21	467.31	606.60	1 733.40	711.99	702.56	542.58	688.50
OTHER THAN CAPITAL OUTLAY	1 024.53	377.70	497.52	1 467.40	590.12	601.18	487.43	564.83
CAPITAL OUTLAY	199.68	69.52	109.56	266.20	121.62	101.69	95.15	101.60
EDUCATION SERVICES	620.13	349.34	387.62	624.13	458.83	377.19	407.06	485.65
EDUCATION	288.19	271.21	240.79	-	279.76	239.82	204.59	284.43
DIRECT EXPENDITURE	333.94	68.33	146.83	624.12	188.09	137.36	203.28	199.22
STATE INSTITUTIONS OF HIGHER EDUCATION	249.51	60.20	125.44	334.68	167.46	163.74	179.57	175.70
SOCIAL SERVICES	177.10	91.46	161.66	285.50	122.09	245.73	124.62	167.04
PUBLIC WELFARE	1.03	0.05	0.05	6.41	6.78	31.29	6.32	6.32
INTERGOVERNMENTAL EXPENDITURE	176.07	91.46	161.21	281.09	122.09	236.97	124.62	167.04
DIRECT EXPENDITURE	59.71	31.82	69.44	70.42	19.34	39.46	40.44	71.93
HOSPITALS	38.75	39.10	38.18	66.18	61.29	39.12	26.30	11.01
HEALTH	11.70	5.09	8.10	14.60	16.06	9.90	8.65	9.98
EMPLOYMENT SECURITY ADMINISTRATION	161.22	91.46	113.15	101.34	149.77	126.58	107.76	137.39
HIGHWAYS	3.27	11.87	19.87	-	39.63	23.09	22.47	50.27
INTERGOVERNMENTAL EXPENDITURE	157.95	79.19	93.27	101.26	112.04	103.54	75.29	107.12
DIRECT EXPENDITURE	61.78	23.03	29.71	21.72	17.73	31.46	19.11	17.79
PUBLIC SAFETY	25.11	10.00	7.98	1.07	9.60	4.61	9.58	7.09
CORRECTIONS	61.78	23.03	29.71	21.72	17.73	31.46	19.11	17.79
POLICE PROTECTION	25.11	10.00	7.98	1.07	9.60	4.61	9.58	7.09
ENVIRONMENT AND HOUSING	29.33	23.49	22.61	46.71	52.62	12.53	18.63	27.79
NATURAL RESOURCES	31.81	8.94	10.36	21.88	10.19	13.24	9.70	12.60
GOVERNMENTAL ADMINISTRATION	61.36	18.02	9.42	43.86	12.04	11.49	7.08	8.00
FINANCIAL ADMINISTRATION	102.41	15.45	13.56	116.32	29.60	30.48	6.07	7.44
GENERAL CONTR.	147.82	46.09	77.28	142.92	114.78	188.88	126.37	104.92
INTEREST ON GENERAL DEBT	16.00	1.79	-	-	31.67	-	-	38.57
INSURANCE TRUST EXPENDITURE	411.25	178.93	193.30	616.58	246.21	168.59	246.70	246.44
LIQUOR STORES	-	-	-	-	-	-	-	-
UTILITIES	-	-	-	-	-	-	-	-
EXHIBITS: SALARIES AND WAGES	1 789.93	288.90	252.28	1 921.44	601.34	609.56	186.50	150.39
LONG-TERM DEBT	1 725.46	288.90	252.28	1 867.74	601.34	609.56	186.50	150.39
LONG-TERM DEBT	669.52	121.92	98.68	1 260.05	6.72	231.08	-	-
FULL FAITH AND CREDIT	1 070.14	166.98	153.61	507.40	600.61	378.48	169.76	150.39
NON-DEBT	34.67	-	-	33.70	-	16.67	16.76	-
NO LONG TERM DEBT	1 438.80	199.18	174.63	1 663.63	59.78	364.27	127.79	52.79
FULL FAITH AND CREDIT	645.32	96.13	90.78	1 778.70	6.67	243.16	-	-
NONDEBT	753.48	103.05	83.85	264.71	53.12	111.09	127.79	52.79
CASH AND SECURITY HOLDINGS	1 463.09	839.74	891.49	2 107.30	1 207.88	926.47	636.30	628.73
INSURANCE TRUSTS SYSTEMS	634.98	328.67	625.67	1 367.91	569.25	566.88	316.88	253.41
EMPLOYEE RETIREMENT SYSTEMS	619.97	631.42	525.84	1 259.32	609.62	346.69	270.96	319.60
UNEMPLOYMENT COMPENSATION	17.02	87.87	89.64	108.58	69.27	31.09	29.61	32.99
OTHER THAN INSURANCE TRUSTS SYSTEMS	964.15	337.27	266.32	810.39	758.60	360.27	369.62	275.30

See footnotes at end of table.

Per Capita Amounts of Financial Items for State Governments: 1961—Continued
(Dollar amounts)

Item	Kansas	Georgia	Louisiana	Maine	Maryland	Massachusetts	Michigan
REVENUE, TOTAL	1 148.49	1 381.48	1 481.90	1 337.03	1 396.93	1 338.03	1 423.28
GENERAL REVENUE	1 004.59	1 101.37	1 272.13	1 154.30	1 247.21	1 203.98	1 195.19
INTERGOVERNMENTAL	272.04	229.34	225.53	489.62	220.58	266.13	261.31
FROM FEDERAL GOVERNMENT	265.63	225.71	225.03	292.73	217.97	329.11	316.11
FROM STATE GOVERNMENT	6.41	95.63	0.50	196.89	102.61	186.88	165.12
PUBLIC WELFARE	97.32	89.61	73.25	67.63	94.27	90.56	90.50
EDUCATION	60.82	56.58	36.77	37.64	65.48	20.60	26.23
HIGHWAYS	6.28	5.12	4.94	5.70	5.23	6.22	6.30
GENERAL REVENUE SHARING	10.68	6.48	3.79	17.21	6.77	11.98	16.41
EMPLOYMENT SECURITY ADMINISTRATION	0.42	2.53	0.50	17.69	6.61	37.02	25.20
FROM LOCAL GOVERNMENTS							
GENERAL REVENUE FROM OWN SOURCES	732.15	772.13	946.90	788.48	922.63	897.84	903.63
TAXES	588.89	621.06	666.75	899.38	701.00	788.73	866.91
SALES AND GROSS RECEIPTS	285.72	285.71	319.70	330.61	315.24	262.89	280.63
GENERAL SALES AND GROSS RECEIPTS	190.00	172.25	204.12	209.49	178.72	149.65	193.50
SELECTIVE SALES AND GROSS RECEIPTS	98.72	113.46	111.58	121.32	136.63	113.04	87.88
TOTAL	68.89	49.43	44.65	63.69	44.29	41.40	47.79
TOTAL	10.26	5.94	15.17	21.67	17.63	25.69	15.18
TOTAL	12.74	6.53	12.94	25.43	7.09	14.77	10.62
TOTAL	175.54	158.57	44.16	158.97	285.87	386.71	218.00
TOTAL	63.62	42.89	63.38	39.86	37.07	63.64	101.91
TOTAL	29.54	13.66	12.64	28.14	19.90	14.19	25.25
TOTAL	9.73	49.21	5.63	12.96	21.27	0.08	15.42
TOTAL	12.23	7.76	5.83	12.65	5.28	14.30	5.86
TOTAL	183.38	190.27	280.15	149.10	221.44	128.13	186.92
TOTAL	95.21	92.60	81.00	63.23	118.93	78.31	109.12
TOTAL	53.72	49.38	56.65	54.84	67.39	23.80	68.44
TOTAL	26.39	20.90	6.07	7.07	31.20	10.05	26.22
TOTAL	9.63	5.19	0.07	17.66	15.15	13.10	0.90
INSURANCE TRUST REVENUE	104.29	160.31	129.08	160.61	139.96	73.66	383.04
LIQUOR STORE REVENUE	-	-	-	28.11	-	0.39	45.09
UTILITIES	-	-	-	-	9.76	-	-
EXPENDITURE, TOTAL	1 107.19	1 317.17	1 384.94	1 262.57	1 272.47	1 292.02	1 435.48
GENERAL EXPENDITURE	1 005.98	1 173.34	1 240.10	1 090.40	1 199.06	1 205.18	1 188.80
INTERGOVERNMENTAL EXPENDITURE	280.06	285.42	367.09	270.64	391.67	375.27	411.67
DIRECT GENERAL EXPENDITURE	755.62	874.87	873.02	809.07	807.39	829.91	776.01
OTHER THAN CAPITAL OUTLAY	600.52	668.34	712.29	738.00	731.60	613.51	711.92
CAPITAL OUTLAY	184.90	299.53	180.63	71.00	75.78	76.60	63.09
EDUCATION SERVICES	427.03	498.16	471.72	356.27	393.67	306.61	413.89
EDUCATION	231.19	285.76	265.56	214.18	212.89	202.61	213.91
INTERGOVERNMENTAL EXPENDITURE	198.83	204.39	206.17	142.09	181.38	109.20	199.96
DIRECT EXPENDITURE	179.09	157.94	164.26	116.22	129.50	80.56	163.13
STATE INSTITUTIONS OF HIGHER EDUCATION							
SOCIAL SERVICES	180.41	196.98	183.59	276.34	216.22	362.83	327.32
PUBLIC WELFARE	0.02	-	0.13	6.25	3.69	22.75	41.22
INTERGOVERNMENTAL EXPENDITURE	180.38	194.08	183.67	268.09	211.54	360.09	326.09
DIRECT EXPENDITURE	83.18	43.94	91.33	28.29	73.69	84.46	55.99
HOSPITALS	15.76	29.72	20.61	30.34	38.46	61.67	58.51
HEALTH	9.07	3.48	3.63	13.39	6.78	9.84	16.04
EMPLOYMENT SECURITY ADMINISTRATION							
TRANSPORTATION	163.82	210.37	168.16	116.25	135.61	79.78	95.92
HIGHWAYS	18.89	10.50	17.02	2.73	69.53	10.07	40.55
INTERGOVERNMENTAL EXPENDITURE	164.67	193.89	193.18	113.53	63.89	69.71	49.37
DIRECT EXPENDITURE							
PUBLIC SAFETY	16.81	20.13	27.30	16.26	41.31	23.24	22.93
CORRECTIONS	5.93	19.28	19.72	11.21	34.21	6.79	11.40
POLICE PROTECTION							
ENVIRONMENT AND HOUSING	38.34	24.40	33.92	43.04	10.10	9.45	1.58
NATURAL RESOURCES	15.36	10.23	14.84	23.47	19.78	13.53	10.41
GOVERNMENTAL ADMINISTRATION	19.63	24.12	18.94	17.12	10.89	30.62	12.88
FINANCIAL ADMINISTRATION	9.63	46.53	40.23	39.89	42.11	66.67	25.60
GENERAL CONTROL							
INTEREST ON GENERAL DEBT	101.66	143.64	144.63	104.10	123.57	122.97	211.56
INSURANCE TRUST EXPENDITURE	-	-	-	37.96	-	-	37.04
LIQUOR STORES	-	-	-	-	49.64	3.87	-
UTILITIES	266.95	296.40	307.50	260.37	237.66	240.44	244.47
EXHIBIT: SALARIES AND WAGES							
GROSS DEBT AT END OF YEAR	177.70	827.31	829.43	740.91	984.18	1 095.13	375.76
LONG-TERM	177.70	826.09	826.42	740.90	980.16	1 090.46	393.09
FULL FAITH AND CREDIT	11.76	72.12	973.63	231.45	825.39	877.17	72.43
NON-GUARANTEED	165.94	794.77	285.49	509.45	363.82	426.31	300.62
SHORT-TERM	-	0.42	(2)	0.01	79.02	89.65	1.71
NET LONG TERM DEBT	194.36	516.36	578.86	304.08	683.28	622.24	208.63
FULL FAITH AND CREDIT	11.76	72.12	944.49	231.45	813.06	875.09	70.34
NON-GUARANTEED	142.62	647.29	34.00	72.63	139.81	47.75	138.60
CASH AND SECURITY HOLDINGS	866.62	1 123.48	1 390.41	969.00	1 199.45	850.51	1 060.38
INSURANCE TRUSTS SYSTEMS	880.26	927.60	792.04	364.27	718.82	365.04	675.60
EMPLOYEE RETIREMENT SYSTEMS	686.27	206.42	650.13	338.90	890.35	475.96	831.00
UNEMPLOYMENT COMPENSATION	94.91	17.58	52.51	25.12	97.00	60.58	19.60
OTHER THAN INSURANCE TRUSTS SYSTEMS	316.23	996.04	698.77	604.73	640.63	484.66	364.56

See footnotes at end of table.

Per Capita Amounts of Financial Items for State Governments: 1981—Continued

(Dollar amounts)

Item	Minnesota	Mississippi	Missouri	Montana	Nebraska	Nevada	New Mexico
REVENUE, TOTAL	1 390.94	1 211.30	901.98	1 617.90	1 006.09	1 694.44	1 025.30
GENERAL REVENUE	1 391.58	1 045.27	771.84	1 339.13	948.18	1 110.41	771.07
INTERGOVERNMENTAL	368.12	265.78	241.88	184.96	267.72	328.04	281.77
FROM FEDERAL GOVERNMENT	292.20	292.10	239.12	478.23	250.23	321.50	273.77
PUBLIC WELFARE	154.28	115.69	88.28	111.50	78.93	71.20	61.67
EDUCATION	68.66	96.66	68.07	52.38	68.10	66.77	66.31
HIGHWAYS	91.06	48.93	46.08	150.61	84.67	126.49	39.24
GENERAL REVENUE SHARING	5.88	6.24	2.64	5.88	5.88	5.60	4.28
EMPLOYMENT SECURITY ADMINISTRATION	11.79	17.32	11.68	7.54	10.68	28.08	8.08
FROM LOCAL GOVERNMENTS	19.92	8.66	2.93	0.72	17.09	5.48	17.99
GENERAL REVENUE FROM OWN SOURCES	1 027.42	889.61	529.98	899.17	625.66	787.66	480.10
TAXES	827.71	596.12	438.64	921.10	512.13	643.73	291.63
SALES AND GROSS RECEIPTS	315.60	276.50	229.26	121.11	296.58	331.35	149.77
GENERAL SALES AND GROSS RECEIPTS	188.67	237.00	180.10	—	179.14	233.73	—
SELECTIVE SALES AND GROSS RECEIPTS	147.13	89.24	69.10	121.11	117.40	277.60	169.77
MOTOR FUELS	56.73	67.18	37.80	62.18	72.82	68.14	31.00
TOBACCO PRODUCTS	21.63	13.69	12.60	14.78	14.39	16.36	28.93
ALCOHOLIC BEVERAGES	13.62	13.33	5.19	10.66	12.24	14.28	5.11
INDIVIDUAL INCOME	342.60	75.83	120.21	185.43	128.14	—	17.71
CORPORATION NET INCOME	81.20	29.22	26.09	67.23	36.48	—	62.28
MOTOR VEHICLE LICENSES	38.77	11.78	22.83	28.23	28.24	31.42	24.67
PROPERTY	1.09	1.93	—	29.67	1.88	28.88	8.70
DEATH AND BEQUEST	—	—	—	—	—	—	—
CHARLES AND MISCELLANEOUS GENERAL REVENUE	199.71	131.08	68.14	287.07	102.13	139.02	188.17
CURRENT CHARGES	113.09	93.06	60.88	70.61	103.25	46.62	168.01
STATE INSTITUTIONS OF HIGHER EDUCATION	62.80	52.81	40.18	68.70	36.46	33.09	78.28
HOSPITALS	31.88	28.88	13.08	1.98	27.78	1.48	2.61
TOLL HIGHWAYS	—	—	—	—	—	—	19.10
INSURANCE TRUST REVENUE	299.40	123.20	130.31	221.12	99.91	509.08	94.90
LIQUOR STORE REVENUE	—	—	—	53.25	—	—	189.48
UTILITIES	—	—	—	—	—	34.00	0.04
EXPENDITURE, TOTAL	1 688.38	1 184.08	899.43	1 393.56	992.77	1 536.44	1 036.03
GENERAL EXPENDITURE	1 382.36	1 069.66	814.74	1 180.91	982.19	1 187.98	849.60
INTERGOVERNMENTAL EXPENDITURE	577.62	274.96	240.54	287.09	203.81	348.22	196.12
DIRECT GENERAL EXPENDITURE	774.76	888.67	574.28	892.96	648.38	782.72	643.32
OTHER THAN CAPITAL OUTLAY	676.93	987.13	488.07	688.87	914.51	586.08	614.68
CAPITAL OUTLAY	97.81	127.36	88.18	224.09	133.68	206.68	78.87
EDUCATION SERVICES	500.46	491.33	320.28	391.36	315.08	480.03	232.08
INTERGOVERNMENTAL EXPENDITURE	287.34	288.43	193.05	228.28	121.55	217.68	61.70
DIRECT EXPENDITURE	213.14	284.89	127.20	168.06	196.39	184.58	180.78
STATE INSTITUTIONS OF HIGHER EDUCATION	187.02	149.21	111.34	139.06	167.00	165.92	134.92
SOCIAL SERVICES	284.68	184.22	162.91	180.83	134.03	128.90	160.88
PUBLIC WELFARE	94.02	—	0.77	2.81	12.07	8.24	—
INTERGOVERNMENTAL EXPENDITURE	170.63	164.22	181.66	169.72	121.98	118.14	160.88
DIRECT EXPENDITURE	66.78	82.78	52.34	31.90	27.34	27.11	60.30
HOSPITALS	28.09	26.07	21.13	61.28	30.30	30.04	27.60
HEALTH	10.68	18.47	10.68	7.57	10.73	27.98	8.90
EMPLOYMENT SECURITY ADMINISTRATION	153.36	183.51	103.80	208.80	162.65	194.72	132.84
TRANSPORTATION	30.72	42.40	20.14	9.11	67.78	8.76	8.21
HIGHWAYS	94.63	111.08	83.60	230.39	114.87	189.93	124.63
INTERGOVERNMENTAL EXPENDITURE	10.50	15.06	14.98	10.88	23.22	61.00	13.57
PUBLIC SAFETY	10.24	10.69	9.64	14.51	9.28	11.88	11.19
CORRECTIONS	27.68	29.48	19.03	61.64	29.10	25.90	15.90
ENVIRONMENT AND HOUSING	14.59	7.95	12.26	34.48	10.01	37.10	11.90
NATURAL RESOURCES	15.39	8.07	9.78	18.68	11.01	17.92	18.98
GOVERNMENTAL ADMINISTRATION	34.03	10.48	15.08	28.27	10.28	20.88	69.80
FINANCIAL ADMINISTRATION	—	—	—	—	—	—	—
GENERAL CONTROL	—	—	—	—	—	—	—
INTEREST ON GENERAL DEBT	—	—	—	—	—	—	—
INSURANCE TRUST EXPENDITURE	132.02	78.77	84.64	168.19	40.84	276.43	61.12
LIQUOR STORES	—	35.82	—	66.47	—	—	123.19
UTILITIES	—	—	—	—	—	102.10	0.00
EXHIBIT: SALARIES AND WAGES	292.98	196.28	169.68	308.28	246.08	279.68	219.29
GROSS DEBT AT END OF YEAR	587.94	314.98	271.20	383.29	196.92	492.70	1 128.01
LONG-TERM	582.10	314.09	271.20	383.29	196.92	492.70	1 089.60
FULL FAITH AND CREDIT	225.23	292.90	18.25	7.93	—	130.88	296.88
NON-GUARANTEED	356.67	21.03	289.04	377.60	156.92	363.34	730.88
SHORT-TERM	9.04	0.93	—	—	—	—	39.42
NET LONG TERM DEBT	234.23	280.68	132.97	104.28	12.88	367.28	323.77
FULL FAITH AND CREDIT	225.23	281.08	14.84	7.12	—	189.52	249.70
NON-GUARANTEED	9.30	10.60	118.12	97.10	12.88	238.00	173.99
CASH AND SECURITY HOLDINGS	1 442.34	768.97	768.72	1 795.08	611.34	2 332.30	1 078.68
INSURANCE TRUSTS SYSTEMS	717.67	973.63	973.61	766.23	214.67	1 661.51	973.30
EMPLOYEE RETIREMENT SYSTEMS	709.12	977.76	666.58	663.07	159.68	1 063.78	387.48
UNEMPLOYMENT COMPENSATION	8.57	98.07	8.58	28.96	34.01	171.11	65.63
OTHER THAN INSURANCE TRUSTS SYSTEMS	724.67	194.73	294.98	1 029.23	296.66	670.79	603.50

See footnotes at end of table.

Per Capita Amounts of Financial Items for State Governments: 1981—Continued
(Dollar amounts)

Item	New Jersey	New Mexico	New York	North Carolina	North Dakota	Ohio	Oklahoma
REVENUE, TOTAL	1 394.34	2 062.13	1 706.77	1 142.97	1 049.32	1 310.07	1 763.13
GENERAL REVENUE	1 108.93	1 900.90	1 369.64	904.69	1 004.76	861.00	1 235.34
INTERGOVERNMENTAL	260.22	300.81	427.82	280.00	400.00	237.04	277.81
FROM FEDERAL GOVERNMENT	208.98	306.99	279.73	260.00	372.94	229.40	289.40
PUBLIC WELFARE	120.00	104.00	104.33	104.33	104.33	104.33	104.33
EDUCATION	64.80	112.80	79.70	79.70	79.70	79.70	79.70
HIGHWAYS	0.90	83.02	28.07	28.07	28.07	28.07	28.07
GENERAL REVENUE (SHARING)	8.56	5.10	10.00	0.83	0.80	0.80	0.80
EMPLOYMENT SECURITY ADMINISTRATION	0.43	0.82	13.30	0.08	0.06	0.06	0.06
FROM LOCAL GOVERNMENTS	19.24	11.82	40.09	19.22	27.13	10.44	11.30
GENERAL REVENUE FROM OWN SOURCES	840.21	1 532.40	912.62	606.64	1 294.49	633.17	907.43
TAXES	840.21	1 532.40	912.62	606.64	1 294.49	633.17	907.43
SALES AND GROSS RECEIPTS	260.87	300.81	427.82	280.00	400.00	237.04	277.81
GENERAL SALES AND GROSS RECEIPTS	171.60	209.70	168.09	129.42	190.62	129.42	168.09
SELECTIVE SALES AND GROSS RECEIPTS	170.00	114.00	100.00	100.00	100.00	100.00	100.00
MOTOR FUELS	38.70	60.00	75.00	75.00	75.00	75.00	75.00
TOBACCO PRODUCTS	23.08	11.83	19.12	19.12	19.12	19.12	19.12
ALCOHOLIC BEVERAGES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INDIVIDUAL INCOME	150.00	94.00	276.00	282.62	99.43	100.00	163.30
CORPORATION NET INCOME	70.00	41.00	00.00	00.00	00.00	00.00	00.00
MOTOR VEHICLE LICENSES	20.00	20.00	17.01	22.00	30.00	20.00	20.00
PROPERTY	0.17	1.60	-	0.60	2.82	1.60	-
DEATH AND ESTATE	10.70	0.07	0.10	7.70	2.82	1.60	-
CHARITIES AND MISCELLANEOUS GENERAL REVENUE	163.32	627.39	129.12	117.31	394.10	137.00	219.00
CURRENT CHARGES	09.70	100.32	20.12	22.18	00.61	00.61	00.61
STATE INSTITUTIONS OF HIGHER EDUCATION	38.04	72.00	30.00	30.00	30.32	30.32	30.32
HOSPITALS	16.00	25.77	18.36	18.36	19.47	19.47	19.47
TRAIL HIGHWAYS	29.36	-	0.07	0.10	-	-	-
INSURANCE TRUST REVENUE	270.01	101.17	299.21	157.00	190.85	429.38	91.02
LIQUOR STORE REVENUE	-	-	-	-	-	-	-
UTILITIES	11.10	-	72.93	-	-	32.49	-
EXPENDITURE, TOTAL	1 395.83	1 964.61	1 943.14	1 117.75	1 083.69	1 228.07	1 232.90
GENERAL EXPENDITURE	1 100.07	1 490.07	1 324.79	1 020.00	1 043.14	1 115.04	1 097.00
INTERGOVERNMENTAL EXPENDITURE	437.84	507.31	628.73	299.89	382.42	338.00	313.19
DIRECT GENERAL EXPENDITURE	660.63	976.76	696.06	621.25	1 042.72	987.30	784.41
OTHER THAN CAPITAL OUTLAY	661.90	813.10	611.84	532.77	989.79	682.64	662.30
CAPITAL OUTLAY	98.92	105.99	64.80	88.48	172.94	104.70	124.07
EDUCATION	242.05	681.00	408.40	403.00	501.52	390.02	401.18
INTERGOVERNMENTAL EXPENDITURE	207.39	280.00	276.04	211.74	340.60	294.72	294.14
DIRECT EXPENDITURE	130.20	301.41	128.08	128.08	294.01	194.31	237.08
STATE INSTITUTIONS OF HIGHER EDUCATION	88.70	284.50	70.47	132.15	250.00	161.00	209.10
SOCIAL SERVICES	230.69	147.42	330.66	130.87	107.10	104.51	280.40
PUBLIC WELFARE	62.00	-	231.38	19.44	35.00	35.00	35.00
INTERGOVERNMENTAL EXPENDITURE	127.04	147.42	107.28	117.23	192.54	161.01	204.91
DIRECT EXPENDITURE	78.38	67.70	90.36	80.63	90.70	51.00	60.38
HOSPITALS	17.00	55.30	38.11	31.01	19.74	19.74	19.74
HEALTH	7.50	9.54	11.07	5.06	0.67	0.00	0.63
EMPLOYMENT SECURITY ADMINISTRATION	54.34	173.14	77.00	97.38	213.81	89.34	143.00
TRANSPORTATION	6.12	8.18	7.78	7.07	43.49	24.16	39.63
HIGHWAYS	90.22	165.02	69.22	90.31	388.32	94.18	163.40
INTERGOVERNMENTAL EXPENDITURE	10.00	31.22	27.59	20.65	-	-	-
DIRECT EXPENDITURE	11.25	15.24	7.85	12.95	11.25	10.40	21.92
PUBLIC SAFETY	21.72	24.76	6.09	24.24	97.57	11.67	17.41
CORRECTIONS	12.95	27.11	18.70	10.62	15.88	12.08	14.78
NATURAL RESOURCES	10.67	31.91	32.13	15.67	15.63	5.24	11.81
GOVERNMENTAL ADMINISTRATION	45.10	33.47	104.37	19.31	21.95	23.04	10.31
FINANCIAL ADMINISTRATION	203.38	78.94	150.51	96.43	107.54	284.30	70.80
GENERAL CONTROL	64.37	-	100.67	-	-	-	-
INTEREST ON GENERAL DEBT	803.05	372.42	253.82	230.28	335.00	172.75	258.44
INSURANCE TRUST EXPENDITURE	-	-	-	-	-	-	-
LIQUOR STORES	-	-	-	-	-	-	-
UTILITIES	-	-	-	-	-	-	-
EXHIBITS: SALARIES AND WAGES	803.05	372.42	253.82	230.28	335.00	172.75	258.44
GROSS DEBT AT END OF YEAR	1 034.65	804.93	1 406.30	229.75	224.63	436.65	575.87
LONG-TERM	1 038.77	811.08	1 398.16	225.46	214.87	431.91	571.40
FULL FAITH AND CREDIT	250.00	17.72	229.84	129.79	15.24	218.00	55.01
NON-GUARANTEED	790.00	593.36	1 168.32	99.67	200.63	212.97	516.40
SHORT-TERM	9.88	3.08	9.14	0.29	9.86	0.75	1.43
NET LONG TERM DEBT	679.15	189.15	892.68	179.87	64.79	398.98	648.70
FULL FAITH AND CREDIT	280.47	12.91	184.45	125.25	-	219.52	38.70
NON-GUARANTEED	428.68	176.25	708.23	54.63	64.79	180.46	430.70
CASH AND SECURITY HOLDINGS	1 534.70	3 150.80	2 167.03	1 094.36	1 625.64	1 673.50	1 172.72
INSURANCE TRUSTS SYSTEMS	982.94	780.43	1 352.97	800.60	1 400.36	1 400.36	430.00
EMPLOYEE RETIREMENT SYSTEMS	947.60	705.45	1 279.48	281.00	1 219.78	1 219.78	331.53
UNEMPLOYMENT COMPENSATION	80.27	74.99	17.24	99.42	14.10	19.22	64.01
OTHER THAN INSURANCE TRUSTS SYSTEMS	551.15	2 369.77	774.90	193.76	1 185.68	223.12	738.07

See footnotes at end of table.

Per Capita Amounts of Financial Items for State Governments: 1961—Continued

(Dollar amounts)

Item	Group	Pennsylvania	Rhode Island	South Carolina	South Dakota	Tennessee	Texas
REVENUE, TOTAL	1 479.09	1 293.71	1 921.11	1 264.76	1 165.49	930.33	1 071.09
GENERAL REVENUE	1 367.97	1 011.70	1 376.27	1 036.58	1 042.29	829.91	969.77
INTERGOVERNMENTAL	386.27	264.76	412.72	305.46	394.23	295.66	223.22
FROM FEDERAL GOVERNMENT	389.21	258.28	407.34	291.97	383.41	288.63	221.38
PUBLIC WELFARE	124.23	134.71	261.24	89.98	110.29	99.91	89.37
EDUCATION	66.78	63.96	70.34	72.32	76.28	62.61	68.10
HIGHWAYS	56.83	37.07	30.08	32.41	60.92	59.62	61.01
GENERAL REVENUE REMAINING	9.27	6.70	5.88	1.44	5.69	6.80	1.90
EMPLOYMENT SECURITY ADMINISTRATION	6.36	10.63	17.54	10.96	13.11	10.16	9.87
FROM LOCAL GOVERNMENTS	9.07	0.94	9.37	11.51	10.63	7.04	1.94
GENERAL REVENUE FROM OWN SOURCES	100.70	760.61	901.56	733.12	666.26	529.63	760.45
TAXES	610.84	640.26	941.07	866.69	631.13	626.59	874.63
SALES AND GROSS RECEIPTS	71.60	209.44	331.04	226.19	267.75	233.29	303.32
GENERAL SALES AND GROSS RECEIPTS	175.00	175.00	187.43	187.38	228.76	227.43	210.60
SELECTIVE SALES AND GROSS RECEIPTS	71.00	132.40	144.41	122.64	136.97	99.86	142.08
TOTAL FUELS	32.78	48.63	91.05	99.20	75.22	64.01	33.79
TOBACCO PRODUCTS	12.59	21.47	26.47	9.44	19.28	16.62	13.67
ALCOHOLIC BEVERAGES	7.87	10.53	7.99	20.46	11.96	11.51	10.62
INDIVIDUAL INCOME	381.71	156.08	203.79	125.01	125.01	7.77	—
CORPORATION NET INCOME	99.04	89.28	53.19	64.91	9.38	62.46	—
MOTOR VEHICLE LICENSES	30.86	26.72	16.74	11.49	23.57	19.93	22.07
PROPERTY	0.04	6.24	6.41	3.17	—	—	0.66
DEATH AND ESTATE	17.69	10.58	17.81	7.89	10.99	9.93	0.77
CHARGES AND MISCELLANEOUS GENERAL REVENUE	296.06	106.37	219.48	146.21	237.12	103.27	172.02
CURRENT CHARGES	117.63	59.09	150.66	94.98	126.06	66.68	60.04
STATE INSTITUTIONS OF HIGHER EDUCATION	52.89	29.88	53.77	49.99	69.62	62.64	66.44
HOSPITALS	31.11	13.73	73.36	26.07	6.38	17.64	11.88
TOLL HIGHWAYS	0.52	9.36	5.46	—	—	—	0.96
INSURANCE TRUST REVENUE	353.68	233.98	236.66	149.54	163.20	109.41	163.12
LIQUOR STORE REVENUE	80.80	48.11	—	7.03	—	—	—
UTILITIES	—	—	—	—	—	—	—
EXPENDITURE, TOTAL	1 949.76	1 188.06	1 942.06	1 260.92	1 210.50	921.96	967.30
GENERAL EXPENDITURE	1 813.01	996.22	1 372.83	1 014.68	1 140.29	824.66	964.90
INTERGOVERNMENTAL EXPENDITURE	341.93	210.63	324.73	379.77	323.19	222.26	272.18
DIRECT GENERAL EXPENDITURE	971.09	639.26	1 148.08	738.66	877.10	662.23	972.77
OTHER THAN CAPITAL OUTLAY	782.78	587.70	1 006.84	483.02	782.89	698.42	666.49
CAPITAL OUTLAY	118.32	91.42	91.23	65.84	104.11	163.63	128.99
EDUCATION SERVICES	—	—	—	—	—	—	—
EDUCATION	—	321.51	400.77	493.39	323.63	332.36	632.67
INTERGOVERNMENTAL EXPENDITURE	286.71	287.86	163.07	269.43	130.94	197.71	263.41
DIRECT EXPENDITURE	179.12	113.69	237.36	266.93	192.67	174.69	189.28
STATE INSTITUTIONS OF HIGHER EDUCATION	186.67	68.53	158.42	177.91	169.76	139.80	158.76
SOCIAL SERVICES	—	—	—	—	—	—	—
PUBLIC WELFARE	184.97	283.06	391.04	140.09	160.66	161.36	118.63
INTERGOVERNMENTAL EXPENDITURE	4.19	25.78	25.70	0.01	0.19	—	—
DIRECT EXPENDITURE	188.78	227.32	323.34	160.08	160.72	161.30	118.60
HOSPITALS	94.97	57.46	99.36	63.83	75.12	63.26	68.90
HEALTH	39.03	30.76	50.84	61.91	26.72	29.69	19.96
EMPLOYMENT SECURITY ADMINISTRATION	9.19	12.12	17.60	11.49	—	9.68	6.73
TRANSPORTATION	—	—	—	—	—	—	—
HIGHWAYS	197.52	92.88	66.08	67.78	217.19	123.10	180.00
INTERGOVERNMENTAL EXPENDITURE	46.38	12.91	0.11	19.62	9.99	29.63	0.92
DIRECT EXPENDITURE	110.14	79.36	67.07	72.68	207.57	94.06	126.22
PUBLIC SAFETY	—	—	—	—	—	—	—
CORRECTIONS	34.46	11.61	26.70	22.94	10.99	21.68	10.99
POLICE PROTECTION	13.68	11.75	12.38	11.91	10.53	5.64	7.01
ENVIRONMENT AND HOUSING	—	—	—	—	—	—	—
NATURAL RESOURCES	43.62	14.61	12.03	23.63	67.23	10.54	13.77
GOVERNMENTAL ADMINISTRATION	—	—	—	—	—	—	—
FINANCIAL ADMINISTRATION	26.99	14.27	22.34	12.87	26.39	6.76	6.74
GENERAL CONTROL	12.81	12.81	39.39	12.00	39.00	9.64	5.20
INTEREST ON GENERAL DEBT	138.83	39.36	106.26	14.22	67.97	18.99	9.97
INSURANCE TRUST EXPENDITURE	289.99	199.52	152.26	98.25	50.29	97.09	62.30
LIQUOR STORES	39.73	43.25	—	—	—	—	—
UTILITIES	—	—	17.00	153.02	—	—	—
EXHIBIT: SALARIES AND WAGES	289.11	181.31	370.04	316.56	289.87	203.02	179.40
GROSS DEBT AT END OF YEAR	2 240.63	933.52	1 821.32	790.27	1 003.64	320.86	100.39
LONG-TERM	2 240.63	918.34	1 797.68	745.63	1 002.66	309.68	100.39
FULL FAITH AND CREDIT	2 086.04	318.55	230.96	165.03	—	195.98	81.72
NON-GUARANTEED	151.70	187.61	1 596.73	583.99	1 002.66	164.02	126.60
SHORT-TERM	—	17.16	23.64	64.63	1.68	10.88	—
NET LONG TERM DEBT	97.17	473.30	919.44	515.40	61.82	160.22	119.21
FULL FAITH AND CREDIT	97.17	324.33	226.40	96.46	—	129.27	17.60
NON-GUARANTEED	—	148.97	281.01	417.00	61.82	30.96	101.53
CASH AND SECURITY HOLDINGS	3 813.03	996.38	2 062.64	1 165.03	1 772.42	769.51	1 295.91
INSURANCE TRUSTS SYSTEMS	1 108.67	770.43	843.63	754.34	405.89	496.12	615.62
EMPLOYEE RETIREMENT SYSTEMS	794.16	650.34	866.70	691.03	439.25	640.92	987.73
UNEMPLOYMENT COMPENSATION	125.61	36.91	11.36	60.65	10.94	24.16	17.65
OTHER THAN INSURANCE TRUSTS SYSTEMS	2 607.36	226.91	1 018.84	410.44	1 326.53	269.41	679.29

See footnotes at end of table.

Per Capita Amounts of Financial Items for State Governments: 1981—Continued

(Dollar amounts)

Item	Ala.	Ark.	Cal.	Del.	D.C.	Ill.	Ind.
REVENUE, TOTAL	1 488.48	1 584.40	1 212.70	1 673.76	1 402.90	1 530.28	2 446.00
GENERAL REVENUE	1 199.79	1 244.36	1 049.40	1 294.18	1 189.24	1 282.88	2 151.23
INTERGOVERNMENTAL	260.69	512.89	1 049.40	1 294.18	1 189.24	1 282.88	2 151.23
FROM FEDERAL GOVERNMENT	263.63	506.80	286.83	278.90	289.93	243.63	617.40
PUBLIC WELFARE	182.19	228.64	96.06	116.42	89.67	187.91	83.81
EDUCATION	79.25	88.07	61.81	86.67	64.88	66.78	62.70
HIGHWAYS	87.22	82.63	87.68	79.23	143.18	39.79	133.04
GENERAL REVENUE DEDUCTIONS	6.70	6.68	4.29	3.70	5.29	6.68	8.99
EMPLOYMENT SECURITY ADMINISTRATION	19.93	17.79	6.48	17.74	12.16	16.98	12.40
FROM LOCAL GOVERNMENTS	6.86	6.31	10.79	23.49	1.68	6.38	3.31
GENERAL REVENUE FROM OWN SOURCES	779.87	821.07	793.78	897.72	797.44	939.04	1 522.86
TAXES	881.20	975.20	946.20	786.44	651.02	771.32	999.94
SALES AND GROSS RECEIPTS	316.58	344.61	348.22	506.21	448.89	297.13	528.64
GENERAL SALES AND GROSS RECEIPTS	239.22	275.52	120.67	419.34	219.89	191.58	419.33
SELECTIVE SALES AND GROSS RECEIPTS	78.36	169.10	127.55	144.87	138.04	101.59	112.61
MOTOR FUELS	47.68	41.77	66.49	89.73	66.27	66.56	61.67
TOBACCO PRODUCTS	7.70	19.75	3.26	19.76	19.58	16.76	12.22
ALCOHOLIC BEVERAGES	6.20	28.23	16.64	21.37	17.43	14.23	2.97
INDIVIDUAL INCOME	201.88	192.73	281.04	21.37	127.48	381.68	71.80
CORPORATION NET INCOME	27.83	44.61	34.10	—	10.43	84.33	—
MOTOR VEHICLE LICENSES	13.60	41.67	10.60	20.21	6.69	19.89	33.13
PROPERTY	6.07	6.66	5.28	127.48	88.63	28.64	—
DEATH AND GIFT	1.60	—	—	17.13	6.69	11.99	6.14
CHARGES AND MISCELLANEOUS GENERAL REVENUE	194.68	286.16	187.56	181.26	146.62	192.82	923.94
CURRENT CHARGES	124.99	180.20	127.88	77.51	82.66	110.64	—
STATE INSTITUTIONS OF HIGHER EDUCATION	76.63	132.96	87.03	87.94	43.74	66.08	88.77
HOSPITALS	36.38	2.88	96.31	1.16	20.68	39.63	8.24
TOLL HIGHWAYS	—	—	5.58	9.62	7.81	—	—
INSURANCE TRUST REVENUE	214.99	181.94	118.06	222.34	248.61	247.42	242.33
LIQUOR STORE REVENUE	41.89	88.96	44.47	87.37	49.63	—	72.94
UTILITIES	—	—	—	—	—	—	—
EXPENDITURE, TOTAL	1 897.98	1 419.87	1 139.33	1 672.66	1 640.66	1 452.26	2 861.29
GENERAL EXPENDITURE	1 160.87	1 245.94	1 041.08	1 411.94	1 294.83	1 294.83	1 842.60
INTERGOVERNMENTAL EXPENDITURE	239.53	199.63	294.99	677.39	207.63	600.49	708.61
DIRECT GENERAL EXPENDITURE	881.06	1 046.30	746.09	974.56	892.17	694.34	1 137.60
OTHER THAN CAPITAL OUTLAY	646.97	947.18	615.98	772.00	690.74	618.63	766.19
CAPITAL OUTLAY	174.67	100.37	136.00	201.58	202.34	76.30	273.30
EDUCATION SERVICES	953.56	826.23	817.01	680.09	680.73	826.50	968.60
EDUCATION	280.60	243.84	209.78	245.49	288.12	219.49	323.79
INTERGOVERNMENTAL EXPENDITURE	841.94	582.39	607.23	304.61	185.60	216.02	211.60
DIRECT EXPENDITURE	841.94	582.39	607.23	304.61	185.60	216.02	211.60
STATE INSTITUTIONS OF HIGHER EDUCATION	107.20	229.57	190.44	229.61	139.69	328.06	162.90
PUBLIC WELFARE	154.79	8.10	30.89	5.04	—	123.63	6.31
INTERGOVERNMENTAL EXPENDITURE	53.61	43.19	79.40	69.44	41.60	200.42	162.28
DIRECT EXPENDITURE	33.63	47.23	31.23	37.68	29.19	60.31	47.87
HEALTH	17.06	16.68	7.72	14.13	11.30	13.62	19.46
EMPLOYMENT SECURITY ADMINISTRATION	181.62	121.71	146.12	166.37	280.35	104.61	363.91
TRANSPORTATION	111.72	17.23	10.96	24.66	—	39.07	26.70
HIGHWAYS	140.09	104.58	138.18	139.70	280.35	65.84	207.21
INTERGOVERNMENTAL EXPENDITURE	16.60	26.65	35.47	35.04	7.66	22.61	39.02
PUBLIC SAFETY	17.06	10.73	29.66	11.49	10.65	9.48	20.41
CORRECTIONS	37.82	39.42	13.83	42.38	28.03	21.95	62.60
NATURAL RESOURCES	17.32	23.43	16.77	16.47	18.12	18.60	32.70
GOVERNMENTAL ADMINISTRATION	13.79	25.02	15.90	10.32	14.19	13.05	23.65
FINANCIAL ADMINISTRATION	23.64	78.20	24.63	20.08	49.67	29.19	63.30
GENERAL CONTROL	—	—	—	—	—	—	—
INTEREST ON GENERAL DEBT	106.57	116.40	60.23	212.50	223.94	186.43	165.16
INSURANCE TRUST EXPENDITURE	28.82	83.93	36.05	48.62	33.72	—	63.99
LIQUOR STORES	—	—	—	—	—	—	—
UTILITIES	—	—	—	—	—	—	—
EXHIBITS: SALARIES AND WAGES	269.92	296.90	275.50	294.07	273.31	210.36	361.32
GROSS DEBT AT END OF YEAR	399.62	1 214.78	460.94	433.98	944.91	950.98	999.61
LONG-TERM	399.62	1 214.78	460.94	433.98	944.91	950.98	999.61
FULL FAITH AND CREDIT	60.57	326.11	43.11	241.23	476.61	246.74	—
NON-GUARANTEED	338.25	788.60	317.83	82.64	467.72	162.63	999.61
SHORT-TERM	(2)	16.01	46.17	0.29	2.97	22.21	—
NET LONG TERM DEBT	136.76	643.96	107.10	363.89	836.61	401.83	107.99
FULL FAITH AND CREDIT	49.18	932.11	38.49	341.23	790.84	289.30	—
NON-GUARANTEED	87.58	111.85	68.61	62.66	146.07	62.48	107.99
CASH AND SECURITY HOLDINGS	1 234.75	1 744.47	996.96	1 415.94	1 366.38	1 320.35	2 960.42
INSURANCE TRUSTS SYSTEMS	740.00	799.27	278.70	1 170.22	944.61	1 194.47	1 088.42
EMPLOYER RETIREMENT SYSTEMS	643.07	725.29	246.00	805.21	246.28	1 122.54	796.20
UNEMPLOYMENT COMPENSATION	3.67	33.99	12.60	64.42	10.00	27.58	142.27
OTHER THAN INSURANCE TRUSTS SYSTEMS	688.26	945.20	678.20	239.72	945.77	285.38	2 092.20

Note: Per capita amounts are based on population figures as of April 1, 1980, and are computed on the basis of amounts rounded to the nearest thousand.

* Represents zero or rounds to zero.

† Including amounts for categories not shown separately.

‡ Represents Federal funds distributed to the States under the State and Local Fiscal Assistance Act of 1972.

TABLE A-5
STATE SPENDING LIMITS: 1982**

State	Type of Limit		Nature of Limit
	Consti- tutional	Statutory	
ALABAMA			
ALASKA			
ARIZONA	x		7% total personal income
ARKANSAS			
CALIFORNIA	x		Tied to % cost of living and population increases
COLORADO *		x	107% of spending in previous fiscal year
CONNECTICUT			
DELAWARE	x		98% est. net gen'l fund rev'ls for the fiscal yr
FLORIDA			
GEORGIA			
HAWAII	x		Based on est. growth of state's economy
IDAHO		x	5.33% est. total pers'l inc. for gen'l fund exp.
ILLINOIS			
INDIANA			
IOWA			
KANSAS			
KENTUCKY			
LOUISIANA			
MAINE			
MARYLAND			
MASSACHUSETTS			
MICHIGAN	x		Cannot exceed total taxes, which are limited
MINNESOTA			
MISSISSIPPI			
MISSOURI	x		Cannot exceed total taxes, which are limited
MONTANA			
NEBRASKA			
NEVADA *		x	Budget request cap based on % pop'l inc. & inflat
NEW HAMPSHIRE			
NEW JERSEY		x	Based on state per capita personal income growth
NEW MEXICO			
NEW YORK			
NORTH CAROLINA			
NORTH DAKOTA			
OHIO			
OKLAHOMA			
OREGON		x	Based on personal income growth
PENNSYLVANIA			
RHODE ISLAND *		x	Budget request cap=108% previous appropriation
SOUTH CAROLINA		x	Based on state personal income growth
SOUTH DAKOTA			
TENNESSEE	x		Based on est. growth of the state's economy
TEXAS	x		Based on est. of state's economic growth
UTAH		x	Based on growth in personal income
VERMONT			
VIRGINIA			
WASHINGTON			
WEST VIRGINIA			
WISCONSIN			
WYOMING			
TOTAL	8	8	

** All states except Vermont have constitutional or statutory balanced budget requirements.

TABLE A-5

CT: By a majority vote 2 percent of estimated net general fund revenues for fiscal year may be appropriated in the event of emergencies by a three-fifths vote.

NV: Budget requests as opposed to appropriations are limited.

RI: Budget requests as opposed to appropriations are limited.

SECTION B

COMMITTEE ORGANIZATION

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TABLE 8-1

APPROPRIATIONS STANDING COMMITTEES: STRUCTURE AND SIZE

STATE	HOUSE APPROPRIATIONS COMMITTEE	SENATE APPROPRIATIONS COMMITTEE	JOINT APPROPRIATIONS COMMITTEE	
			HOUSE	SENATE
ALABAMA	15 (C)	19 (C)		
ALASKA	11 (C)	7 (C)		
ARIZONA	15	14		
ARKANSAS			15	10
CALIFORNIA	23	15		
COLORADO	10*	14*	3	3
CONNECTICUT			33	9
DELAWARE	6	6	6*	6*
FLORIDA	35	17		
GEORGIA	48*	20		
HAWAII	16 (C)	12 (C)		
IDAH0			10	10
ILLINOIS	23	34*		
INDIANA	21 (C)	18 (C)		
IOWA	19	15		
KANSAS	23	11		
KENTUCKY	21* (C)	9 (C)		
LOUISIANA	17	9	17*	9*
MAINE			10	3
MARYLAND	24	13* (C)		
MASSACHUSETTS	19 (C)	14 (C)		
MICHIGAN	16	13		
MINNESOTA	37	21		
MISSISSIPPI	33	21		
MISSOURI	19*	10		
MONTANA	17	13		
NEBRASKA		9*		
NEVADA	11*	7*		
NEW HAMPSHIRE	23	10		
NEW JERSEY	15* (C)	10* (C)	15*	10*
NEW MEXICO	17	21 (C)		
NEW YORK	28 (C)	24		
NORTH CAROLINA			66*	28
NORTH DAKOTA	21	14		
OHIO	25	11		
OKLAHOMA	29	20	20*	20*
OREGON			8	8
PENNSYLVANIA	29	23		
RHODE ISLAND	17 (C)	17 (C)		
SOUTH CAROLINA	25 (C)	18 (C)		
SOUTH DAKOTA			12	10
TENNESSEE	27 (C)	9 (C)		
TEXAS	21	13		
UTAH			75	29
VERMONT	11	7		
VIRGINIA	20*	15* (C)		
WASHINGTON	26* (C)	17 (C)		
WEST VIRGINIA	25 (C)	18 (C)		
WISCONSIN			7 (C)	7 (C)
WYOMING			6*	5
TOTAL	39	40	14	14

(C) = Combined appropriations and revenue committee.

TABLE B-1 NOTES

- CO: The Joint Budget Committee (JBC) is the principal deliberating body on the budget. The JBC has the budget for approximately four months; the appropriations committees and party caucuses review the bill for approximately two weeks. The major activity of the appropriations committees is the review of new legislation with fiscal impacts.
- DE: On major budget bill and grants-in aid bill only.
- GA: Committees meet jointly for hearings only.
- IL: The Illinois Senate has two appropriations committees with a total of 34 positions on both committees; seven individuals serve on both committees (i.e., there are just 27 people on both committees in total).
- KY: House Appropriations and Revenue Committee has six budget subcommittees. House rules provide for selection of additional liaison members from related standing committees.
- LA: Louisiana has an appropriations committee in both the House and Senate; these two committees combine to form the Joint Legislative Committee on the Budget.
- MD: Senate Finance Committee (eight members) also considers revenue bills.
- MO: There are 19 members in the Missouri House Budget Committee. In addition, the House has five standing appropriations committees whose total membership is 89, including the 19 members of the House Budget Committee.
- NE: Unicameral legislature.
- NV: Committees meet jointly after deliberations to work out differences.
- NJ: Each house has a "Revenue, Finance, and Appropriation Committee." These two committees meet jointly for the annual appropriations bill only.
- NC: However, committees may vote independently.
- OK: Includes five alternates from each house.
- VA: Committees meet jointly for hearings only.
- WA: House Ways and Means Committee (26 members) has three appropriations subcommittees and one revenue subcommittee.
- WY: House Appropriations Committee changed from seven to six members in 1979.

TABLE B-2
REVENUE STANDING COMMITTEES, STRUCTURE AND SIZE

STATE	HOUSE REVENUE COMMITTEE	SENATE REVENUE COMMITTEE	JOINT REVENUE COMMITTEES	
			HOUSE	SENATE
ALABAMA	15 (C)	19 (C)		
ALASKA	11 (C)	7 (C)		
ARIZONA	15	9		
ARKANSAS	20	7		
CALIFORNIA	14	7		
COLORADO	12	8		
CONNECTICUT			31	7
DELAWARE	6	5		
FLORIDA	26	10		
GEORGIA	30	17		
HAWAII	16 (C)	12 (C)		
IDaho	17	10		
ILLINOIS	23	11		
INDIANA	21 (C)	18 (C)		
IOWA	33	15		
KANSAS	21	11		
KENTUCKY	21 (C)	9 (C)		
LOUISIANA	17	9		
MAINE			10	3
MARYLAND	24	13* (C)		
MASSACHUSETTS	19 (C)	14 (C)		
MICHIGAN	13	7		
MINNESOTA	31	19		
MISSISSIPPI	33	21		
MISSOURI	18	7		
MONTANA	19	12		
NEBRASKA		8*		
NEVADA	11	7		
NEW HAMPSHIRE	23	7		
NEW JERSEY	15* (C)	10* (C)		
NEW MEXICO	15	21 (C)		
NEW YORK	28 (C)	12		
NORTH CAROLINA	54	27		
NORTH DAKOTA	17	8		
OHIO	19	9		
OKLAHOMA	24	10		
OREGON	9	7		
PENNSYLVANIA	23	17		
RHODE ISLAND	17 (C)	17 (C)		
SOUTH CAROLINA	26 (C)	18 (C)		
SOUTH DAKOTA	13	9		
TENNESSEE	27 (C)	9 (C)		
TEXAS	13	13		
UTAH	18	9		
VERMONT	11	7		
VIRGINIA	20	15* (C)		
WASHINGTON	26* (C)	17 (C)		
WEST VIRGINIA	25 (C)	18 (C)		
WISCONSIN			7 (C)	7 (C)
WYOMING	9	5		
TOTAL	46	47	3	3

(C) = Combined appropriations and revenue committee

TABLE B-2 NOTES

- MD: Senate Finance Committee (eight members) also considers revenue bills.
- NE: Unicameral legislature.
- NJ: Committees meet jointly for the annual appropriations bill only; each house has a "Revenue, Finance and Appropriation Committee."
- VA: Committees meet jointly for hearings only.
- WA: House Ways and Means Committee (26 members) has three appropriations subcommittees and one revenue subcommittee.

TABLE B-3
SUBCOMMITTEES OF APPROPRIATIONS--NUMBER, SIZE AND HEARINGS

STATE	SUBCOMMITTEES OF APPROPRIATIONS						HOLD HEARINGS?		FULL CMTE. ALSO HOLD HEARINGS ON SAME SUBJECT?	
	HOUSE		SENATE		JOINT		Yes	No	Yes	No
	No.	Size	No.	Size	No.	Size				
ALABAMA	V	3	V	3			x		x	
ALASKA	10	2-3	10	2-3			x		x	
ARIZONA	4*	4-5	4*	3-5			x		V	
ARKANSAS					V	3-5	x		x	
CALIFORNIA	4	4-5	5	3			x		x	
COLORADO	(No appropriations subcommittees)									
CONNECTICUT					12	7	x*		x	
DELAWARE	(No appropriations subcommittees)									
FLORIDA	3*	11-12	3	4			x			x
GEORGIA	8-10*	3-5	4-6*	3-5			x		x	
HAWAII	V	V	--	--				x		
IDAHO	(No appropriations subcommittees)									
ILLINOIS	6	5	V*	--			x		x	
INDIANA	1	9	3	5			x		x	
IOWA					8	17-19	x			x
KANSAS	7	3-5	5	2-3				x		
KENTUCKY	6	7					x		x	
LOUISIANA	5*	4	---	---	---	---	x		x	
MAINE					V	V	V		x	
MARYLAND	3	8	2*	8			x			x*
MASSACHUSETTS	20*	3	--	--			x		x	
MICHIGAN	16*	3	16*	3	1*	12	x		x	
MINNESOTA	4	5-13	4	7-9			x			x
MISSISSIPPI	V*	5	V*	3			x		V	
MISSOURI	5*	15-18	V	3-4			x		x	
MONTANA					5	6	x		x	
NEBRASKA	(No appropriations subcommittees)									
NEVADA	V	V	V	V			V		V	
NEW HAMPSHIRE	6	3-5	V	3			x			
NEW JERSEY					4	5	x			x
NEW MEXICO	7	3-7	V	3-5			x		x	
NEW YORK	--	--	10	3-4				x		
NORTH CAROLINA					5*	13*	V		V	
NORTH DAKOTA	V	2-5	V	3				x		
OHIO	3	8	V	3			x		x	
OKLAHOMA	5*	5-6	V*	3-5			x		x	
OREGON					V	V	x			x
PENNSYLVANIA	(No appropriations subcommittees)									
RHODE ISLAND	5	4	5	3			x			x
SOUTH CAROLINA	8	3	6-7	3			x*		x*	
SOUTH DAKOTA					2*	11	x		V	
TENNESSEE	V*	3-5	6*	3-5			S-x	H-x		x
TEXAS	23	5	--	--			x		x	x
UTAH					9	7-19	x			x
VERMONT					1*	10	x			x
VIRGINIA	V	V	V	V			x		x	
WASHINGTON	3*	5-8	4	4			x			x
WEST VIRGINIA	V	V	V	V			x		V	
WISCONSIN	(No subcommittees used)*									
WYOMING					V*	V	x			x
TOTAL							41	5	27	13

V = Varies from session to session.

TABLE B-3 NOTES

- AZ: Each subcommittee in both houses is assigned specific state agencies.
- FL: Also has a select subcommittee on state employee benefits.
- CT: Subcommittees have meetings with agency and budget staff but do not hold formal hearings.
- GA: Assigned responsibilities at time appointed.
- ID: No formal subcommittees used; rather, information groupings are established in interest areas by committee members.
- IL: Illinois Senate has no regular standing subcommittees.
- LA: The 1981-82 session was the first time that the House Appropriations Committee used subcommittees.
- MD: Senate divides into two subcommittees for certain agencies and programs. Full committee will hold hearings on the rest of the budget.
- MA: Each member of House Ways and Means is a chairman of a subcommittee's entire operation. Each subcommittee covers a number of agencies and the entire state operation.
- MI: Both houses: Michigan has 16 major budget bills and a subcommittee is assigned to each one, including a joint subcommittee on capital outlay.
- MS: In both houses, subcommittees are appointed by the respective appropriations committees as deemed necessary by each chairman. No formal subcommittees continue beyond their specific assignment and new subcommittees are usually appointed with each legislative session.
- MO: These are not actually subcommittees but in fact standing appropriations committees, although the Missouri House does have a Budget Committee which considers and approves the recommendations of the standing appropriations committees.
- NC: House and Senate appropriations committees form joint subcommittees.
- OK: The legislature does not create standing subcommittees of appropriations committees. Both houses during the 1983 session will have parallel subcommittees to conference committees. In addition, both houses create additional subcommittees for special subjects (e.g., personnel practices or federal grants).
- SC: Subcommittees meet with agency representatives whose budgets they are considering. Full committees may also meet with agency representatives.
- SD: Each subcommittee is assigned specific state agencies.

- TN: House: Specific proposed legislation. Senate: Various departmental budgets. Subcommittee meet jointly (for hearings) with related substantive committees.
- VT: Subcommittee handles all fiscal areas.
- WA: House Ways and Means Committee has four subcommittees: human services; education; general government/compensation; and revenue.
- WI: Joint Finance Committee has no subcommittees, but uses five discussion groups to review functional areas of state budget.
- WY: House and Senate committees sit in joint sessions to review the executive budget, conduct hearings, and compose the appropriations bill that is introduced. Subcommittees of the joint committee have been used in the past to hear agency budget presentations but are not being used at the present time (1982).

SECTION C

BUDGET PROCESS

TABLE C-1
TIMING OF
LEGISLATIVE RECEIPT OF AGENCY BUDGET REQUESTS

STATE	BEFORE EXECUTIVE BUDGET PREPARED	AFTER BUDGET PREPARED BUT BEFORE SUBMISSION	AFTER BUDGET SUBMITTED TO LEGISLATURE
ALABAMA	x		
ALASKA	x		
ARIZONA	x		
ARKANSAS	x*		
CALIFORNIA	(Legis. only receives executive budgets, not individual agency requests.)		
COLORADO	x*	x	
CONNECTICUT	x		
DELAWARE	x		
FLORIDA	x*		
GEORGIA	x		
HAWAII	(Legis. only receives executive budgets, not individual agency requests.)		
IDAH0	x		
ILLINOIS	(Legis. only receives executive budgets, not individual agency requests.)		
INDIANA	x		
IOWA	x		
KANSAS	x		
KENTUCKY	x		
LOUISIANA	x		
MAINE	x		
MARYLAND	x		
MASSACHUSETTS	x		
MICHIGAN		x	
MINNESOTA	x		
MISSISSIPPI	x		
MISSOURI	x		
MONTANA	x		
NEBRASKA	x		
NEVADA	x		
NEW HAMPSHIRE	x		
NEW JERSEY	x		
NEW MEXICO	x		
NEW YORK	x*		
NORTH CAROLINA			x
NORTH DAKOTA	x		
OHIO	x		
OKLAHOMA	x		
OREGON	x		
PENNSYLVANIA			x
RHODE ISLAND	x		
SOUTH CAROLINA		x	
SOUTH DAKOTA	x		
TENNESSEE	x		
TEXAS	x		
UTAH	x		
VERMONT		x	
VIRGINIA	x		x
WASHINGTON	x*		
WEST VIRGINIA	x		
WISCONSIN	x		
WYOMING		x	
TOTAL	41	5	3

TABLE C-1 NOTES

- AR: Legislative Council receives agency budget request and Governor's recommended budget at the same time; the Legislative Council then develops a proposed statewide budget.
- CO: If the director of an agency is a member of the governor's cabinet, that agency's budget request is reviewed first by the executive. Other agency budgets are submitted directly to the Joint Budget Committee.
- CT: By statute, the legislature receives requests on or before September 1.
- FL: Budgets are submitted to the governor's Budget Office by November 1. The governor submits recommended spending plan to legislature at least 45 days prior to session (approximately February 15). The legislature and the governor receive agency budget requests at the same time.
- NY: Four complete sets are provided--two each to the majority-controlled committees, which then forward a set to their respective minority staffs.
- WA: Agency requests are received following executive review for accuracy.

TABLE C-2

DEADLINE FOR SUBMISSION OF BUDGET AND LEGAL SOURCE OF DEADLINE

STATE	LEGAL SOURCE OF DEADLINE		SUBMISSION DATE RELATIVE TO CONVENING DATE				
	CONSTITUTIONAL	STATUTORY	PRIOR TO SESSION	WITHIN ONE WEEK	WITHIN TWO WEEKS	WITHIN ONE MONTH	OVER ONE MONTH
ALABAMA		x			x		
ALASKA		x		x			
ARIZONA		x		x			
ARKANSAS		other*					x*
CALIFORNIA	x				x ²		
COLORADO	x ¹				x ²		
CONNECTICUT		x				x*	
DELAWARE		x				x	
FLORIDA		x	x*				
GEORGIA		x		x			
HAWAII		x	x*				
IDaho		x		x			
ILLINOIS		x					x
INDIANA		x	x*				
IOWA		x				x	
KANSAS		x			x*		
KENTUCKY		x			x*		
LOUISIANA		x		x			
MAINE		x					x*
MARYLAND	x				x		
MASSACHUSETTS	x					x	
MICHIGAN		x			x*		
MINNESOTA		x				x	
MISSISSIPPI		x	x*				
MISSOURI	x					x	
MONTANA		x		x			
NEBRASKA		x				x	
NEVADA		x			x		
NEW HAMPSHIRE		x					x
NEW JERSEY		x				x	
NEW MEXICO		x		x*			
NEW YORK	x				x		
NORTH CAROLINA		other*		x*			
NORTH DAKOTA		x	x*			x*	
OHIO		x					
OKLAHOMA		x		x*			
OREGON		x	x*				
PENNSYLVANIA		x				x	
RHODE ISLAND		x					x
SOUTH CAROLINA		x		x			
SOUTH DAKOTA		x	x*				
TENNESSEE		x				x	
TEXAS		x	x ¹	x ²			
UTAH		x		x*			
VERMONT		x				x	
VIRGINIA		x		x			
WASHINGTON		x	x*				
WEST VIRGINIA	x			x			
WISCONSIN		x			x*		
WYOMING		x	x*				
TOTAL	7	41	10	14	10	12	5

TABLE C-2 NOTES

- AR: By custom. There is no statutory or constitutional provision.
- CO: (1) Date of the governor's budget is constitutional. By statute, agency budget requests must be submitted to Joint Budget Committee by November 1.
- (2) Date listed is for final submission. Agency budgets are due November 1.
- CT: In even years, budget is due on first day.
- DE: On or before February 1 of each year.
- FL: Budget must be submitted to the legislature at least 45 days prior to regular session.
- HI: Budget must be submitted to the legislature 20 days prior to the session.
- IN: Budget document that is submitted one week prior to the session does not necessarily reflect budget message which is given sometime during first three weeks of session.
- KS: On or before eighth calendar day except in the session following election of a new governor in which case budget must be submitted on or before the 21st calendar day.
- KY: Budget must be submitted by tenth legislative day; newly elected governor submits by fifteenth legislative day.
- ME: Legislature convenes in December prior to first session. Budget is due no later than Friday following first Monday in January. In years with a new Governor, budget is due no later than Friday following first Monday in February.
- MI: Long-range capital budget, 30 days.
- MS: Budget must be submitted to legislature by December 15.
- NJ: New governor allowed one month or more.
- NM: Statutes provide later date (twenty-fifth legislative day), however, legislature traditionally receives budget on first day or at pre-session conference of standing finance committee.
- NC: By custom. (No statutory or constitutional provision.)
- ND: Budget submitted to Legislative Council only on December 1; rest of legislature receives by third day of session.
- OH: If new governor, by March 15 (approximately 75 days after convening).

- OK: Budget must be submitted on the first day of session in January.
- OR: Budget must be submitted on December 1; if new governor, February 1.
- SD: Submitted by December 1 each year.
- TX: (1) For executive.
 (2) For legislative budget.
- UT: Even years, first day; odd years, third day; confidential copy submitted to fiscal analyst 30 days prior to session.
- WA: By December 20 prior to January's annual session; 20 days prior to any supplemental session.
- WI: Convening date is determined by scheduling resolution while budget submission date is statutory. (Usual time difference has been about two weeks.)
- WY: On or before January 1 of even-numbered years.

TABLE C-3

AGENCY THAT PREPARES "AS INTRODUCED"
VERSION OF MAJOR APPROPRIATION BILL(S)

STATE	EXECUTIVE BRANCH	HOUSE APPROP. COMM.	SENATE APPROP. COMM.	JOINT APPROP. COMM.	LEGISLATIVE FISCAL STAFF	OTHER
ALABAMA	x					
ALASKA	x					
ARIZONA		x				
ARKANSAS					x*	
CALIFORNIA	x					
COLORADO				x		
CONNECTICUT	x					
DELAWARE	x					
FLORIDA		x*	x*			
GEORGIA						
HAWAII	x					
IDAH0				x*		
ILLINOIS	x					
INDIANA						x*
IOWA		x*	x*			
KANSAS	x					
KENTUCKY	x*					
LOUISIANA	x					
MAINE	x					
MARYLAND	x					
MASSACHUSETTS	x					
MICHIGAN	x					
MINNESOTA		x*	x*			
MISSISSIPPI						
MISSOURI	x					
MONTANA	x*				x*	
NEBRASKA			x*			
NEVADA	x					
NEW HAMPSHIRE		x*				
NEW JERSEY	x					
NEW MEXICO	x					
NEW YORK	x					
NORTH CAROLINA						x*
NORTH DAKOTA	x					
OHIO	x					
OKLAHOMA	x*					
OREGON	x					
PENNSYLVANIA						
RHODE ISLAND	x					
SOUTH CAROLINA		x				
SOUTH DAKOTA				x		
TENNESSEE	x					
TEXAS						x*
UTAH					x	
VERMONT		x				
VIRGINIA	x					
WASHINGTON	x					
WEST VIRGINIA	x					
WISCONSIN	x					
WYOMING				x		
TOTAL	30	7	4	3	3	3

TABLE C-3 NOTES

- AR: At the direction of the Legislative Council.
- FL: Each house introduces its own copy of spending bill.
- ID: Joint Senate Finance-House Appropriations Committee acts on the motions and staff writes the 125 bills.
- IN: A joint executive-legislative committee.
- IA: The House and Senate appropriations committees each introduce their own budget bills.
- KY: Executive drafts proposed act for executive branch, chief justice for judicial branch, and the Legislative Research Commission for legislative branch.
- MN: The House and Senate appropriations committees each introduce their own budget bills.
- MT: Sometimes executive branch, sometimes fiscal staff prepares bill.
- NE: Governor also introduces a budget bill, but it is the appropriations bill prepared by the appropriations committee (unicameral legislature) which receives the legislature's attention.
- NH: By custom. However, there is no prohibition against the Senate introducing the operating budget bill.
- NC: Executive branch in conjunction with Legislative Bill Drafting.
- OK: By law, the governor must submit the budget bills to House and Senate presiding officers. Most bills are filed on the first day of a session. In some cases, however, the legislature has asked the legislative staff to rewrite the bills and the revised bills are introduced in lieu of the governor's.
- TX: Joint executive-legislative committee.

TABLE C-4

AGENCY THAT WRITES MAJOR APPROPRIATIONS BILL(S)
THAT FULL LEGISLATURE CONSIDERS IN ITS DELIBERATIONS**

STATE	EXECUTIVE BRANCH	HOUSE APPROP. COMM.	SENATE APPROP. COMM.	JOINT APPROP. COMM.	LEGISLATIVE FISCAL STAFF	OTHER
ALABAMA		x*	x*			
ALASKA	x*	x*	x*			
ARIZONA		x				
ARKANSAS					x	
CALIFORNIA	x*					
COLORADO						x*
CONNECTICUT				x*		
DELAWARE				x		
FLORIDA		x*	x*			
GEORGIA						
HAWAII	x*					
IDAH0				x*		
ILLINOIS	x					
INDIANA						x*
IOWA		x*	x*			
KANSAS	x*					
KENTUCKY		x	x			
LOUISIANA	x					
MAINE				x	x	
MARYLAND	x					
MASSACHUSETTS		x				
MICHIGAN		x*	x*			
MINNESOTA		x*	x*			
MISSISSIPPI						
MISSOURI	x*	x*	x*			
MONTANA	x*				x*	
NEBRASKA			x*			
NEVADA		x	x			
NEW HAMPSHIRE		x*				
NEW JERSEY				x		
NEW MEXICO		x				
NEW YORK					x	
NORTH CAROLINA						x*
NORTH DAKOTA	x					
OHIO					x	
OKLAHOMA	x*					
OREGON	x*					
PENNSYLVANIA						
RHODE ISLAND		x				
SOUTH CAROLINA		x				
SOUTH DAKOTA				x		
TENNESSEE	x					
TEXAS						x*
UTAH					x	
VERMONT		x				
VIRGINIA	x					
WASHINGTON		x*	x*			
WEST VIRGINIA	x					
WISCONSIN				x		
WYOMING				x*		
TOTAL	15	17	11	8	6	4

A = House and Senate each introduce their own budget bills.

TABLE C-4 NOTES

**This table shows which agency in each state writes the major appropriations bill(s) actually considered by the full legislature in its deliberations. This is to be distinguished from the previous table that shows which agency writes the "as introduced" version of the major budget bill(s). A comparison of these two tables points out that in a number of states, legislative committees substitute their own bill(s) or rewrite the "as introduced" budget bill(s) that were written by the executive before submitting them for full legislative consideration.

- AL: The Legislative Fiscal office prepares separate House and Senate substitute versions of the major appropriations bills.
- AK: Budget bills are prepared by the executive branch, the House, and the Senate, but the final budget bill comes from conference committee.
- CA: The legislature considers the budget bill as presented by the executive branch; however, it amends the bill extensively during a long hearing process.
- CO: The Joint Budget Committee.
- CT: The Joint Appropriations Committee introduces the budget bill following the adoption of recommendations of the subcommittees working in conjunction with the Office of Fiscal Analysis staff.
- HI: The House and Senate make separate amendments to the budget bill that is developed by the executive branch. A joint House-Senate conference committee then draws up a single version that both legislative bodies must approve.
- ID: Legislative fiscal staff actually writes the bill, but it does so based on actions taken by the Joint Finance Appropriations Committee.
- IN: Joint executive-legislative committee.
- KS: The full House considers the introduced bill with committee amendments.
- MO: Budget bills are prepared by the executive branch, the House, and the Senate, but the final budget bill comes from conference committee.
- MT: Sometimes executive branch, sometimes fiscal staff prepares bill.
- NE: Unicameral legislature.
- NH: By custom.
- NC: Legislative Bill Drafting.
- OK: By law, the governor must submit the budget bills to House and Senate presiding officers. Most bills are filed on the first day of a session. In some cases, however, the legislature has asked the legislative staff

to rewrite the bills and the revised bills are introduced in lieu of the governor's.

OR: Joint Ways and Means Committee amends budget bills which were introduced by the executive.

TX: Joint executive-legislative committee.

WY: House and Senate Appropriations Committees jointly sponsor the budget bill.

TABLE C-5

STATE LEGISLATURES THAT HAVE
LIMITED POWER TO CHANGE BUDGET*

All of the states not listed have unlimited power to change the budget.

The limitations listed below relate to legislative power to increase or decrease budget items generally. Specific limitations, such as constitutionally earmarked funds or requirement to enact revenue measures to cover new expenditure items, are not included.

Maryland	Legislature may decrease but not increase, except appropriations for legislature and judiciary.
Nebraska	Three-fifths vote required to increase governor's recommendations; majority vote required to reject or decrease such items.
New York	May strike out items, reduce items, or add separate items of expenditure.
West Virginia	May not decrease supreme court budget.

*The information for this table was taken from The Book of The States 1982-83, The Council of State Governments, Lexington, Kentucky, pp. 276-279 and updated.

TABLE C-6

BUDGET BILL INTRODUCTION IN RELATION TO
SUBMISSION OF THE EXECUTIVE BUDGET DOCUMENT

STATE	AT SAME TIME AS BUDGET DOCUMENT	WITHIN ONE MONTH	NO BILLS INTRODUCED UNTIL CMTE. REVIEW
ALABAMA	x		
ALASKA	x		
ARIZONA			x
ARKANSAS			x
CALIFORNIA	x		
COLORADO			x
CONNECTICUT	x		
DELAWARE	x*		
FLORIDA			x*
GEORGIA	x		
HAWAII		x*	
IDAHO			x
ILLINOIS		x*	
INDIANA	x		
IOWA			x*
KANSAS		x*	
KENTUCKY	x		
LOUISIANA		x	
MAINE	x		
MARYLAND	x*		
MASSACHUSETTS	x*		
MICHIGAN	x		
MINNESOTA			x
MISSISSIPPI			x
MISSOURI	x		
MONTANA		x	
NEBRASKA	x		
NEVADA			x
NEW HAMPSHIRE			x
NEW JERSEY			x
NEW MEXICO	x		
NEW YORK	x*		
NORTH CAROLINA	x		
NORTH DAKOTA	x		
OHIO	x		
OKLAHOMA	x		
OREGON		x*	
PENNSYLVANIA			x
RHODE ISLAND	x		
SOUTH CAROLINA			x
SOUTH DAKOTA			x
TENNESSEE		x	
TEXAS	x		
UTAH			x
VERMONT			x
VIRGINIA	x		
WASHINGTON		x*	
WEST VIRGINIA	x	x*	
WISCONSIN	x		
WYOMING			x
TOTAL	25	9	17

TABLE C-6 NOTES

- DE: Executive bill is introduced and used as working tool for committee. After hearings on executive bill a new bill is then introduced for consideration by the General Assembly.
- FL: Executive submits bill which, although it is not introduced, is often used as a working tool by committee.
- HI: Budget presented 20 days prior to session; bill introduced almost immediately after start of session.
- IL: All budget bills from the governor must be delivered to the legislative leaders within two legislative days after the governor's budget message, by statute.
- IA: Executive submits, but bills are not introduced.
- KS: Most bills are introduced within one month, but some are introduced later.
- MD: Appropriations bill other than budget bill (such as supplementary) may be introduced at any time, must provide own tax source, and may not be enacted until budget bill is enacted. Governor may submit supplements to budget bill during period it is being considered by the legislature.
- MA: General appropriations act only; supplemental and deficiency bills drafted by fiscal analyst.
- NY: However, governor has 30 days to amend or complete the submission bills which enact the recommendations contained in his executive budget.
- OR: Budget presented 30 days before session.
- WA: Budget submitted December 20 prior to January session.
- WV: New governor has one month.

TABLE C-7
USUAL NUMBER OF BUDGET BILLS
(NOT INCLUDING SUPPLEMENTAL BILLS)

STATE	SINGLE	MULTIPLE
ALABAMA		2 major; 6-8 minor
ALASKA	x	
ARIZONA		4*
ARKANSAS		450
CALIFORNIA	x	
COLORADO	x	
CONNECTICUT	x	
DELAWARE	x	
FLORIDA	x	
GEORGIA	x	
HAWAII	x	
IDAHO		120*
ILLINOIS		150-200
INDIANA		3-10
IOWA		10-15
KANSAS		10-20*
KENTUCKY		3*
LOUISIANA		4
MAINE		3
MARYLAND	x	
MASSACHUSETTS		5
MICHIGAN		17
MINNESOTA		6
MISSISSIPPI		225
MISSOURI		16-18
MONTANA	x	
NEBRASKA		5-8
NEVADA		5-10
NEW HAMPSHIRE	x	
NEW JERSEY	x	
NEW MEXICO	x	
NEW YORK		10-30
NORTH CAROLINA		2
NORTH DAKOTA		82
OHIO		3-4*
OKLAHOMA		90-100
OREGON		110
PENNSYLVANIA		60
RHODE ISLAND	x	
SOUTH CAROLINA	x	
SOUTH DAKOTA	x	
TENNESSEE	x	
TEXAS	x	
UTAH	x	
VERMONT	x	
VIRGINIA	x	
WASHINGTON		2-3 or more
WEST VIRGINIA	x	
WISCONSIN	x	
WYOMING		6-10
TOTAL	23	27

TABLE C-7 NOTES

- AZ: Does not include supplemental appropriations bills.
- ID: Not uncommon for some departments to have multiple appropriations bills.
- KS: Practice has varied the last few years.
- KY: There is an appropriation bill for each branch of government.
- OH: However, adjustments to appropriations are made continuously resulting in upwards of 20 appropriations adjustment bills each session.

TABLE C-8

WHERE BUDGET BILLS ARE INTRODUCED IN THE LEGISLATURE

STATE	BOTH HOUSES SIMULTA- NEOUSLY	HOUSE ONLY	SENATE ONLY	ALTERNATES BETWEEN HOUSE & SENATE FROM SESSION TO SESSION	VARIES WITH EXEC. STRATEGY	MULTIPLE BILLS, DIVIDED BETWEEN CHAMBERS
ALABAMA		x*				
ALASKA		x				
ARIZONA		x*				
ARKANSAS						x
CALIFORNIA	x					
COLORADO				x		
CONNECTICUT					x	
DELAWARE		x*				
FLORIDA	x*					
GEORGIA		x				
HAWAII	x					
IDAHOO						x
ILLINOIS						x
INDIANA		x				
IOWA				x		
KANSAS						x
KENTUCKY	x					
LOUISIANA		x				
MAINE						x
MARYLAND	x					
MASSACHUSETTS		x				
MICHIGAN	x*					
MINNESOTA	x*					
MISSISSIPPI						x
MISSOURI		x				
MONTANA		x				
NEBRASKA			x*			
NEVADA					x	
NEW HAMPSHIRE		x				
NEW JERSEY			x			
NEW MEXICO		x				
NEW YORK	x					
NORTH CAROLINA	x					
NORTH DAKOTA				x		x
OHIO		x*				
OKLAHOMA						x*
OREGON						x
PENNSYLVANIA					x	
RHODE ISLAND		x				
SOUTH CAROLINA		x				
SOUTH DAKOTA				x		
TENNESSEE	x					
TEXAS	x					
UTAH		x				
VERMONT		x				
VIRGINIA		x	x*			
WASHINGTON				x		
WEST VIRGINIA	x					
WISCONSIN					x	
WYOMING						x
TOTAL	12	18	3	5	4	10

TABLE C-8 NOTES

- AL: Customarily introduced in the House, but may be introduced in the Senate at a later date if the House version stalls.
- AZ: By custom.
- DE: By custom; there have been exceptions.
- FL: Each house introduces its own version at different times.
- MI: Traditionally, all 17 bills introduced in each house, but actual consideration is divided.
- MN: Each house introduces its own version.
- NE: Unicameral legislature.
- OH: By custom for major appropriation bills. Budget adjustment bills originate from both houses.
- OK: Approximately half in each house; bills alternate each year.
- VA: The Senate Finance Committee introduced its own budget bill in 1983.

TABLE C-9

LENGTH (IN WEEKS) OF STANDING COMMITTEE
CONSIDERATION OF MAJOR BUDGET BILLS

STATE	HOUSE	SENATE	JOINT
ALABAMA	5-10	5-10	
ALASKA	12-20	12-20	
ARIZONA	10-12	10-12	1-2*
ARKANSAS			8-12 (C)
CALIFORNIA	16-18	16-18	
COLORADO	1 (C)	1 (C)	
CONNECTICUT			8-10
DELAWARE			6-8
FLORIDA	12*	10*	
GEORGIA	6	3	
HAWAII	8	8	
IDAHO			6-8
ILLINOIS	8-10	8-10	
INDIANA	10 (C)	5 (C)	
IOWA	20	20	
KANSAS	8-10	8-10	
KENTUCKY	8-10 (C)	8-10 (C)	
LOUISIANA	5	1-2	10
MAINE			16-20
MARYLAND	7	7	
MASSACHUSETTS	12	6	
MICHIGAN	24	24	
MINNESOTA	14	14	
MISSISSIPPI	10	10	
MISSOURI	6-8	*	
MONTANA	2	2	9*
NEBRASKA		12	
NEVADA	12-16	12-16	
NEW HAMPSHIRE	15	15	
NEW JERSEY			12
NEW MEXICO	7 (C)*	1½ (C)*	
NEW YORK	10	10	
NORTH CAROLINA	*	*	16-20
NORTH DAKOTA	4	4	
OHIO	10-12	6-8	
OKLAHOMA	16	16	
OREGON			20
PENNSYLVANIA	6-8	6-8	
RHODE ISLAND	10-12	1-2	
SOUTH CAROLINA	6-10	4-6	
SOUTH DAKOTA			6-7
TENNESSEE	10	10	
TEXAS	16 (C)	16 (C)	
UTAH			7*
VERMONT	10	12	
VIRGINIA	6	6	
WASHINGTON	8-10	8-10	
WEST VIRGINIA	8	9	
WISCONSIN			12-14
WYOMING			4

(C) = These states have interim or statutory committees which consider budget matters and policy for several months prior to the session. There are membership overlaps by law, rule, and practice between these and the standing committees.

TABLE C-9 NOTES

- AZ: After both committees adopt their respective operating budgets, they meet jointly to resolve the differences.
- FL: Subcommittees begin formal deliberation about one month prior to start of session.
- MO: Consideration usually lasts the length of the session.
- MT: While House and Senate have separate appropriations committees, each has subcommittees which work together on the major appropriation act.
- NC: Consideration usually lasts the length of the session.
- NM: In even-year (short sessions), these figures are approximately two weeks in the House and one week in the Senate.
- UT: During budget-only session, two weeks.

TABLE C-10
COORDINATION BETWEEN APPROPRIATIONS COMMITTEES

STATE	JOINT COMMITTEE STATES	JOINT HEARINGS		OTHER
		ALWAYS	OCCASIONALLY	
ALABAMA			x*	
ALASKA			x	
ARIZONA			x	x*
ARKANSAS	x			
CALIFORNIA				x*
COLORADO				x*
CONNECTICUT	x			
DELAWARE	x			
FLORIDA				x*
GEORGIA		x		
HAWAII				x*
IDAHO	x			
ILLINOIS				x*
INDIANA			x	
IOWA	x			
KANSAS			x	x*
KENTUCKY				x*
LOUISIANA	x*	x*		
MAINE	x			
MARYLAND			x	
MASSACHUSETTS	x*		x	
MICHIGAN			x	
MINNESOTA			x	
MISSISSIPPI				
MISSOURI				x*
MONTANA	x	x*		
NEBRASKA	x*			
NEVADA			x	x*
NEW HAMPSHIRE			x	
NEW JERSEY	x*			
NEW MEXICO			x	
NEW YORK		x		
NORTH CAROLINA	x			
NORTH DAKOTA			x	
OHIO				x*
OKLAHOMA				x*
OREGON	x			
PENNSYLVANIA			x	
RHODE ISLAND			x	
SOUTH CAROLINA			x	
SOUTH DAKOTA	x			
TENNESSEE			x	
TEXAS			x*	
UTAH	x			
VERMONT			x	
VIRGINIA			x	
WASHINGTON			x	
WEST VIRGINIA			x	
WISCONSIN	x			
WYOMING	x			
TOTAL	17	4	22	12

TABLE C-10 NOTES

- AL: Joint budget hearings are conducted prior to session, usually for four to six weeks. Joint hearings during sessions are infrequent.
- AZ: Meet jointly after hearings to work out differences.
- CA: Committees are not coordinated. A Joint Conference Committee resolves the differences between the versions of the two houses.
- CO: Share some staff and both chairmen serve on the Joint Budget Committee.
- FL: Both houses communicate frequently to identify nonrecurring issues, develop budget instructions, and discuss some special projects.
- HI: Coordinated schedules, common grant-in-aid forms, common worksheets.
- IL: Partisan staff appropriations directors work together.
- KS: Meetings of two chairmen.
- KY: Share staff, coordinate schedules, use common records.
- LA: Joint Budget Committee conducts hearings prior to session, but there are also individual House and Senate appropriations committees which conduct hearings during the session.
- MA: There is a Joint Committee on Ways and Means.
- MO: Committees are not coordinated. A Joint Conference Committee resolves the differences between the versions of the two houses. Staff directors work together.
- MT: Joint hearings at subcommittee level.
- NE: Unicameral legislature.
- NV: Committees meet jointly after deliberations to work out differences.
- NJ: Both houses meet jointly for annual appropriations bill only.
- OH: Conference committee resolves differences.
- OK: There is a 20-member Joint Committee on Federal Funds to review agency applications for federal grants and 10-member Joint Committee on Fiscal Operations to direct the work of the legislative post-audit teams.
- TX: Substantial coordination is obtained through the meetings of the Legislative Budget Board prior to the session which produces the appropriation bill introduced in each house. Membership of the board includes the lieutenant governor, House speaker, chairmen of Senate Finance, Senate State Affairs, House Appropriations and House Ways and Means Committees. The board does not meet during the session.

TABLE C-11

METHODS OF COORDINATION BETWEEN REVENUE AND APPROPRIATIONS COMMITTEES

STATE	COMBINED APPROP.-REV. COMMITTEES		REV. BILLS REFERRED TO APPROP.	MEETINGS OF CHAIRMEN	MEETINGS OF CHAIRMEN AND LEADERS	CMTES. NOT COORDINATED
	HOUSE	SENATE				
ALABAMA	x	x				
ALASKA	x	x				
ARIZONA				x	x	
ARKANSAS				x		
CALIFORNIA			x			
COLORADO				x		
CONNECTICUT						x*
DELAWARE				x		
FLORIDA					x*	
GEORGIA						x
HAWAII	x	x				
IDAHO		x				H
ILLINOIS						x
INDIANA	x	x				
IOWA*						
KANSAS					x	
KENTUCKY	x	x				
LOUISIANA						x
MAINE					x	
MARYLAND		x		H*	H*	
MASSACHUSETTS			x		x	
MICHIGAN		x			x*	x
MINNESOTA				x	x	
MISSISSIPPI						x
MISSOURI						x
MONTANA				x	x	
NEBRASKA						x
NEVADA				x	x	
NEW HAMPSHIRE					x	
NEW JERSEY	x	x				
NEW MEXICO		x		H	H	
NEW YORK	x		S	S	S	
NORTH CAROLINA		x*		x	x	x*
NORTH DAKOTA					x	
OHIO					x	
OKLAHOMA						x*
OREGON				x	x	
PENNSYLVANIA						x
RHODE ISLAND	x	x				
SOUTH CAROLINA	x	x				
SOUTH DAKOTA						x
TENNESSEE	x	x				
TEXAS			S	H	x*	
UTAH					x	
VERMONT			x	x	x	
VIRGINIA		x				H
WASHINGTON	x	x				
WEST VIRGINIA	x	x				
WISCONSIN	x*	x*	x*			
WYOMING					x	
TOTAL	13	18	6	13	21	15

H--House only
S--Senate only

TABLE C-11 NOTES

- CT: Informal coordination provided by leadership.
- FL: In the Senate, the chairman and vice-chairman are also on the appropriations committee.
- IA: All bills providing for revenue or appropriations must be referred from Ways and Means Committees or Appropriations to the Finance Committee within each house.
- MD: House chairmen and leadership meet on an informal basis.
- MI: The Senate uses a Senate Budget Committee consisting of leadership, the chair, vice-chair, and ranking minority member of appropriations and the chair of the finance (tax) committee.
- NC: The Senate has a Ways and Means Committee as well as Finance and Appropriations Committees. Also, fiscal staff serve both committees and provide some coordination.
- OK: Informal coordination provided by leadership.
- TX: Informally.
- WI: All bills providing for revenue or relating to taxation must be referred to the Joint Finance Committee which is responsible for state budget/revenue bill. There are also separate revenue committees in each house.

TABLE C-12

COORDINATION BETWEEN SUBSTANTIVE AND APPROPRIATIONS COMMITTEES

STATE	FORMAL CMTE. MTGS.	INFORMAL CMTE. MEETINGS	MEETINGS BETWEEN CHAIRMEN	MTGS. OF CHAIRMEN & LEADERS	SUBSTAN- TIVE MEMBERS EXPLAIN BILLS	STAFF COORDI- NATION	REFERRAL OF BILLS WITH FISCAL IMPACT		CAUCUS
							ALL BILLS	SOME BILLS ¹	
ALABAMA					x		x		
ALASKA		x	x	x	x		x		
ARIZONA			x	x	x		x		
ARKANSAS			x		x	x		x*	
CALIFORNIA							x		
COLORADO			x	x			x		x
CONNECTICUT			x	x	x	x	x		
DELAWARE			x	x				x	
FLORIDA			x	x	x	x	x		
GEORGIA		x	x	x				x	
HAWAII			x	x	x	x	x		
IDAHOO	x	x	x	x	x			x	x
ILLINOIS				x		x	x		
INDIANA			x	x	x	x		x	
IOWA				x				x	
KANSAS			x	x		x		x	x
KENTUCKY	x*						x		x
LOUISIANA					x*			x*	
MAINE	x*							x	
MARYLAND		x	x	x		x		x	
MASSACHUSETTS		x	x	x		x	x		
MICHIGAN	x		x	x	x	x	x		
MINNESOTA			x	x	x	x	x		
MISSISSIPPI			x		x			x	
MISSOURI				x		x		x	
MONTANA				x			x		
NEBRASKA			x					x	
NEVADA			x	x	x		x		
NEW HAMPSHIRE				x	x			x	
NEW JERSEY			x	x		x		x	
NEW MEXICO			x	x			x		
NEW YORK			x	x		x	x		
NORTH CAROLINA					x*			x	x
NORTH DAKOTA	x	x	x	x	x			x	
OHIO		x	x	x				x	
OKLAHOMA						x		x	
OREGON					x		x		
PENNSYLVANIA				x	x	x	x		
RHODE ISLAND			x	x				x	
SOUTH CAROLINA							x		
SOUTH DAKOTA				x	x			x*	x
TENNESSEE			x	x	x	x		x	
TEXAS				x*				x	
UTAH				x			x		
VERMONT					x	x	x		
VIRGINIA					x		x		
WASHINGTON		x		x		x		x	
WEST VIRGINIA				x			x		x
WISCONSIN		x	x	x	x	x			
WYOMING				x	x			x	
TOTAL	5	9	27	36	25	20	25	25	7

¹See Table 27

TABLE C-12 NOTES

- AR: Bills are not re-referred but inclusion in Revenue and Stabilization Act Amendments is required for funding, and the bill containing these amendments emanates from the Joint Budget Committee.
- KY: In the House, three members of substantive committee participate on related budget subcommittee.
- LA: All bills carrying an appropriation must be referred to Appropriations Committee; however, not all bill's with fiscal impact are referred to Appropriations. There exists cross-membership between substantive and appropriations committees. There is occasional testimony of substantive committees to appropriations. No formal mechanism is established.
- ME: Three members of substantive committee sit in on hearings and work sessions.
- NC: Also, cross-membership between substantive and appropriations committees.
- SD: Almost every bill with a specific appropriation is referred to Appropriations at some point, with the exception of tax measures.
- TX: The House's substantive committees are assigned oversight responsibilities for state agencies with programs relevant to the committee's subject areas. The chairman of Appropriations assigns to each substantive committee the portions of the appropriations bill affecting agencies for which that committee is responsible. House rules govern the timing of the response from the substantive committees to the Appropriations Committee. Each substantive committee has a vice-chairman for appropriations matters appointed by the speaker and a subcommittee of not more than five members.

TABLE C-13

BILLS WITH FISCAL IMPACT
NOT REFERRED TO APPROPRIATIONS COMMITTEE

STATE	NEW OR SPECIAL PROGRAMS	FEDERALLY FUNDED PROGRAMS	BILLS THAT DO NOT SPECIFICALLY APPROPRIATE	PROGRAMS FUNDED FROM SPECIAL REVENUE	OTHER	ALL BILLS WITH FISCAL IMPACT REFERRED
ALABAMA						x
ALASKA						x
ARIZONA						x
ARKANSAS	x*					
CALIFORNIA						x
COLORADO						x
CONNECTICUT						x*
DELAWARE			x			
FLORIDA						x
GEORGIA	x	x			x*	
HAWAII						x
IDAHO					x*	
ILLINOIS						x
INDIANA					x*	
IOWA			x			
KANSAS	x					
KENTUCKY						x
LOUISIANA					x*	
MAINE				x	x*	
MARYLAND	x*					
MASSACHUSETTS						x
MICHIGAN						x*
MINNESOTA						x
MISSISSIPPI	x					
MISSOURI					x*	
MONTANA						x
NEBRASKA					x*	
NEVADA						x
NEW HAMPSHIRE						x
NEW JERSEY	x	x		x		
NEW MEXICO						x
NEW YORK						x
NORTH CAROLINA			x*			
NORTH DAKOTA					x*	
OHIO	x	x	x	x	x*	
OKLAHOMA			x			
OREGON						x
PENNSYLVANIA						x
RHODE ISLAND					x*	
SOUTH CAROLINA						x
SOUTH DAKOTA					x*	
TENNESSEE					x*	
TEXAS	x					
UTAH						x
VERMONT						x
VIRGINIA						x
WASHINGTON					x*	
WEST VIRGINIA						x
WISCONSIN						x
WYOMING			x			
TOTAL	8	3	6	3	13	26

TABLE C-13 NOTES

- AR: Bills are not re-referred but inclusion in Revenue and Stabilization Act Amendments is required for funding, and the bill containing these amendments emanates from the Joint Budget Committee.
- CT: Unless referral is dispensed with by a two-thirds vote of each house of the General Assembly.
- GA: Retirement bills, salary bills, and all sorts of others.
- ID: Bills introduced by other committees containing an appropriation are referred; bills containing fiscal impact at state level only occasionally referred. Most generally referred to germane committee, then to Joint Finance/Appropriations.
- IN: Some bills go to standing committee at leadership's discretion.
- LA: Only bills carrying an appropriation are referred to Appropriations Committee.
- ME: All fiscal note bills not referred to Appropriations, but placed on special appropriations table.
- MD: In Senate, most major new spending bills are referred to Appropriations Committee. A few spending bills in other committees are re-referred. In House, major new spending bills are considered by Revenue Committee, a few by Appropriations Committee.
- MI: Except tax bills.
- MO: Any bill which requires state funds of less than \$100,000.
- NE: Bills with implied fiscal impact are referred to substantive committee. When fiscal analyst determines bill has fiscal impact, he prepares "A" bill with the appropriation. Bill sponsor is then asked to introduce "A" bill. The "A" bill then goes directly to General File (not to any committee) and is considered at the same time as the substantive bill. If bill sponsor refuses to introduce "A" bill, then chairman of Appropriations Committee introduces "A" bill.
- NC: Bills that do not specifically appropriate may be considered at the discretion of the leadership.
- ND: Bills with a cost of \$5000 or less.
- OH: Bills with fiscal impact are sometimes referred to substantive committee instead of appropriations, but if appropriations is added, they are referred to finance.
- RI: Depends on presiding officer's judgment.
- SD: Some bills go to standing committees at leadership's discretion, particularly tax bills which may offset revenues.

TN: Those with fiscal impact less than the limits established by the respective Finance and Ways and Means Committees.

WA: Bills with appropriations not exceeding a certain limit may not be referred to the Ways and Means Committee.

TABLE C-14
CAUCUS PROCEDURE

STATE	OPEN	CLOSED	FINANCE STAFF ATTENDS?	BINDING CAUCUS VOTE?	CAUCUSES NOT USED
ALABAMA					x
ALASKA		x	upon request		
ARIZONA	x		upon request	yes	
ARKANSAS					x
CALIFORNIA		x	upon request	no*	
COLORADO	x		sometimes	* 2	
CONNECTICUT	Republican	Democrat	upon request	no	
DELAWARE		x	upon request	no	
FLORIDA					x
GEORGIA					x
HAWAII		x	no	yes	
IDAHO		x	upon request	no	
ILLINOIS		x	yes	rarely	
INDIANA		x	no	no	
IOWA	varies	varies	no	no	
KANSAS	varies	varies	upon request*	no	
KENTUCKY		x	upon request	no	
LOUISIANA					x
MAINE	x		upon request	no	
MARYLAND					x
MASSACHUSETTS		x	yes	no	
MICHIGAN	x*		upon request	no	
MINNESOTA	x		no	no	
MISSISSIPPI					x
MISSOURI		x	upon request	no	
MONTANA		x	upon request	no	
NEBRASKA					x
NEVADA	x		upon request	no	
NEW HAMPSHIRE		x	no	no	
NEW JERSEY		x	upon request	no	
NEW MEXICO		x	no	no	
NEW YORK		x	yes	no	
NORTH CAROLINA		x	no	no	
NORTH DAKOTA	x		no	no	
OHIO	Senate Republican	x	no		
OKLAHOMA		x	upon request	sometimes	
OREGON		x	in special situations	no	
PENNSYLVANIA		x	yes	no	
RHODE ISLAND		x	upon request	no	
SOUTH CAROLINA	x		upon request	no	
SOUTH DAKOTA		x	no	no	
TENNESSEE	x		upon request	no	
TEXAS					x
UTAH		x	no	sometimes	
VERMONT	x		no	no	
VIRGINIA	x		upon request	no	
WASHINGTON		x	upon request	no	
WEST VIRGINIA		x	in special situations	no	
WISCONSIN	x		yes	no*	
WYOMING		x	upon request	no	

(NOTE: All states except Maine, Montana, North Dakota, and Utah organize their caucuses by house, by party. The four exceptions use joint House/Senate caucuses.)

TABLE C-14 NOTES

- CA: From time to time Assembly Republican caucus has imposed a rule that a majority vote binds membership.
- CO: (1) Only when major appropriation bill is being considered.
(2) The caucus uses a consensus model.
- KS: On invitation, when finance matters are presented or discussed.
- MI: Caucus open unless specifically closed.
- WI: A "test" vote is typically taken in the regular majority caucus on the tentative caucus approved budget prior to final floor debate.

TABLE C-15

CONFERENCE COMMITTEES ON APPROPRIATIONS BILLS

STATE	FREE CONFERENCE	LIMITED CONFERENCE	BILLS RARELY OR NEVER GO TO CONFERENCE	SIZE		ARE ALL CONFEREES ALSO ON APPROPRIATIONS?	
				H	S	YES	NO
ALABAMA	x*			3	3	x	
ALASKA	x			3	3	x	
ARIZONA		x		15	14	x	
ARKANSAS			x				
CALIFORNIA	x ¹			3	3	x ²	
COLORADO	x*			3	3	x	
CONNECTICUT			x				
DELAWARE			x				
FLORIDA		x*		8	8		x
GEORGIA	x			3	3	x	
HAWAII	x			Varies		x	
IDAHO			x				
ILLINOIS	x*			5	5		x
INDIANA	x			2	2	x	
IOWA	x			5	5	x	
KANSAS		x		3	3	x*	
KENTUCKY	x*	x*					
LOUISIANA	x			3	3	x	
MAINE			x				
MARYLAND		x		3	3	x	
MASSACHUSETTS		x		3	3		x
MICHIGAN		x		3	3	x	
MINNESOTA	x			5	5	x	
MISSISSIPPI		x		3	3	x	
MISSOURI		x*		5	5	x	
MONTANA	x			3	3	x	
NEBRASKA	(Unicameral legislature)						
NEVADA			x				
NEW HAMPSHIRE	x			5	3		x
NEW JERSEY			x				
NEW MEXICO	x*			4	4	x	
NEW YORK			x				
NORTH CAROLINA		x					
NORTH DAKOTA	x			3	3	x	
OHIO		x		3	3		x
OKLAHOMA	x			15	15		x
OREGON			x				
PENNSYLVANIA	x			3	3	x	
RHODE ISLAND			x				
SOUTH CAROLINA	x*	x*		3	3		x
SOUTH DAKOTA			x				
TENNESSEE	x*			varies			x
TEXAS		x*		5	5	x	
UTAH			x				
VERMONT	x			3	3	x	
VIRGINIA		x		3	3	x	
WASHINGTON	x*	x		3	3		x
WEST VIRGINIA	x			Varies		x	
WISCONSIN		x		3	3		x
WYOMING		x*		3	3		x
TOTAL	23	17	12	--	--	24	11

TABLE C-15 NOTES

- AL: Conferees on the major appropriations bills are free to make any necessary alterations in the bills until all points of contention are resolved.
- CA: (1) Conference's decision on each item cannot exceed the higher of the two houses. The total budget can exceed the higher of the houses.
(2) However, if second conference committee is called, members do not have to be on appropriations committee.
- CO: Provided permission is given by both houses. (Such permission has always been given.)
- FL: Committees are generally instructed to deliberate only on those issues that differ from House to Senate. As a rule, new issues are not available for conference committee action.
- IL: Committee may propose whatever it deems necessary, subject to approval by both houses.
- KS: On occasion, a non-appropriations committee member may serve on a conference committee.
- KY: A "limited" conference committee must precede a "free" conference committee. The former in its solution to the disagreement raised by the proposed amendment is restricted to either recommending that the chamber of origin accept the amendment or the second chamber recede from the amendment. A "free" conference committee must address the area of disagreement, but has authority to resolve the dispute by adding to, deleting from, or otherwise changing the proposed amendment.
- MO: Can only confer on differing positions in specific areas of the bill.
- NM: "Free" in practice; not specified by rule.
- SC: "Free" or "limited" is determined by the full legislature. If "limited," items must compromise somewhere between Senate and House version. If "free," powers are granted by the legislature, then any solution agreed to by House and Senate members may pass.
- TN: Generally limited to amendments passed by House and Senate Finance, Ways and means Committee. However, the conference committee has the authority to consider any amendment to the appropriations bill.
- TX: By simple resolution the committee may make whatever changes the resolution (adopted in both houses) authorizes.
- WA: Participants may develop an entirely new bill; however, with appropriations bills the final product is generally a selective merging of the sections of Senate and House bills.

1
WY: Amendments to specific appropriations contained in the budget bill frequently go to conference. There may be several conference committees working at the same time, but each is limited to the differences between the two houses in their particular part of the bill.

TABLE C-16
 ASSISTANCE TO FLOOR MANAGER
 PROVIDED BY FISCAL STAFF DURING DEBATE

STATE	STAFF DIRECTOR	STAFF SPECIALIST
ALABAMA	x*	
ALASKA		x
ARIZONA	x	x
ARKANSAS	x	x
CALIFORNIA	x	
COLORADO	x*	x*
CONNECTICUT	x	x
DELAWARE	x	x
FLORIDA	x	x
GEORGIA	x	
HAWAII	x	x
IDAHO		x*
ILLINOIS	x	x
INDIANA	x	x
IOWA		x
KANSAS	x	x
KENTUCKY	x	x
LOUISIANA	x	x
MAINE		x
MARYLAND	x	x
MASSACHUSETTS	x	x
MICHIGAN	x	x
MINNESOTA	x	x
MISSISSIPPI		x
MISSOURI	x	x
MONTANA		x
NEBRASKA	x	x
NEVADA	x	x
NEW HAMPSHIRE		x
NEW JERSEY	x	
NEW MEXICO	x	
NEW YORK	x	x
NORTH CAROLINA		x
NORTH DAKOTA	x	
OHIO		x
OKLAHOMA	x*	x*
OREGON		x
PENNSYLVANIA	x	
RHODE ISLAND	x	x
SOUTH CAROLINA	x	x
SOUTH DAKOTA		x
TENNESSEE	x	
TEXAS	x	x
UTAH	x	
VERMONT	x	x
VIRGINIA	x*	
WASHINGTON	x	x
WEST VIRGINIA	x	x
WISCONSIN	x	x*
WYOMING	x*	x
TOTAL	39	40

TABLE C-16 NOTES

- AL: Also executive budget director.
- CO: Very limited support
- ID: Analyst prepares bill packet containing presentation and reference material, and maintains contact with sponsor and committee chairman by direct telephone during all debate.
- OK: Communication between staff and members on the floor is generally limited to notes unless the staff is given floor privilege on rare occasions.
- VA: Limited to communicating with committee chairman on the floor. Staff may not address legislative bodies.
- WI: Short written analysis--including estimated cost--of each introduced floor amendment is prepared by staff analysts and distributed to each Assembly or Senate member.
- WY: The staff of the Legislative Service Office includes budget analysts who assist the Appropriations Committee during preparation of the budget bill and during the session. These people perform audit functions during the interim.

TABLE C-17
 GUBERNATORIAL VETO AUTHORITY
 WITH RESPECT TO MAJOR BUDGET BILL(S)

State	Funding for a Particular Line Item	Funding for an Entire Program or Agency	Language Accompanying Appropriation Itself	Language in Footnote or Following an Appropriation Explaining How \$ to be Spent	Proviso Language on Expenditure of Appropriation	Other
Alabama						x ^a
Alaska			(No response)			
Arizona	x	x				
Arkansas *	x	x				x ^a
California	x	x	x	x	x	
Colorado	x	x		x ^a	x ^a	
Connecticut	x	x				
Delaware	x					
Florida	x					x ^a
Georgia	x	x	x	x	x	
Hawaii	x					
Idaho	x					
Illinois	x	x				x ^a
Indiana						x ^a
Iowa						x ^a
Kansas			(No response)			
Kentucky	x	x			x	
Louisiana *	x	x	x	x	x	
Maine						x ^a
Maryland						x ^a
Massachusetts	x	x	x	x ^a	x ^a	
Michigan	x	x	x ^a			
Minnesota	x	x				
Mississippi	x	x	x	x	x	
Missouri	x	x				
Montana	x	x ^a				
Nebraska	x	x				
Nevada						x ^a
New Hampshire						x ^a
New Jersey	x	x	x	x ^a	x	
New Mexico				x	x	
New York	x	x	x	x	x	x ^a
North Carolina*						
North Dakota	x	x				
Ohio	x	x	x	x	x	
Oklahoma	x	x		x		
Oregon	x	x				x ^a
Pennsylvania	x	x				
Rhode Island						x ^a
South Carolina	x	x	x	x	x	
South Dakota	x					
Tennessee	x	x				
Texas			(No response)			
Utah						x ^a
Vermont						x ^a
Virginia	x					
Washington	x ^a	x ^a	x ^a	x ^a	x ^a	
West Virginia	x	x	x			
Wisconsin	x	x	x		x	x ^a
Wyoming	x	x		x	x	
TOTALS	41	29	13	14	15	16

TABLE C-17 NOTES

- AL: The governor may veto the bill entirely or offer executive amendments, which may delete or add figures and language.
- AR: Governor may line item veto an appropriation or he may veto an entire appropriations bill.
- CO: Only if language is unconstitutional.
- FL: Proviso not related directly to an appropriation.
- IL: Governor has reduction veto power on a particular line item. The amount he approves becomes law unless veto is overridden by legislature. The constitution prohibits substantive language in an appropriations bill.
- IN: Only the entire budget bill.
- IA: According to the Supreme Court suit, the governor, in item vetoing, must veto a complete section--he can do that only in an appropriation bill. (Prior to this suit, the governor was item vetoing words.)
- LA: Governor can veto anything which shows up as a distinct line item.
- ME: The governor can only veto the entire bill.
- MD: Governor has no veto power. Maryland has strong executive budget.
- MI: Distinct item of appropriations. If line-item vetoed, language is also vetoed as a rule.
- NV: No item veto.
- NH: Governor can only veto entire bill.
- NY: Governor may veto any legislative "addition" to the budget only.
- NC: The governor has no veto power.
- OR: Governor may also veto single item appropriation bills.
- RI: Governor can only veto entire bill.
- VT: Can veto only the entire bill--all or nothing.
- WA: Must meet the test of separate subject matter.
- WI: Substantive program language contained in the budget bill can also be item-vetoed.

SECTION D

STAFF ORGANIZATION

TABLE D-1
FISCAL ANALYST STAFF APPOINTING AUTHORITY**

STATE	LEGISLATIVE FISCAL COMMITTEE(S)		LEGISLATIVE COUNCIL	LEGISLATIVE MANAGEMENT COMMITTEE	LEADERSHIP
	FULL COMMITTEE	CHAIRMEN ONLY			
ALABAMA	x				
ALASKA	x				
ARIZONA	x				
ARKANSAS			x		
CALIFORNIA	x				
COLORADO	x				
CONNECTICUT				x	
DELAWARE			x*		
FLORIDA					x*
GEORGIA			x		
HAWAII		x			
IDAHOO	x				
ILLINOIS					x
INDIANA			x		
IOWA			x		
KANSAS				x*	
KENTUCKY			x		
LOUISIANA	(Legislative Fiscal Officer is elected)*				
MAINE			x		
MARYLAND					x*
MASSACHUSETTS		x			
MICHIGAN	x				
MINNESOTA		x			
MISSISSIPPI					x*
MISSOURI		x			
MONTANA	x*				
NEBRASKA			x		
NEVADA			x*		
NEW HAMPSHIRE	x				
NEW JERSEY			x		
NEW MEXICO	x				
NEW YORK		x*			
NORTH CAROLINA			x		
NORTH DAKOTA			x		
OHIO			x*		
OKLAHOMA					x*
OREGON	x*				
PENNSYLVANIA		x			
RHODE ISLAND	x				
SOUTH CAROLINA					x*
SOUTH DAKOTA			x		
TENNESSEE	x				
TEXAS	x				
UTAH	x				
VERMONT	x				
VIRGINIA		x			
WASHINGTON	x				
WEST VIRGINIA					x
WISCONSIN				x*	
WYOMING			x		
TOTAL	17	7	15	3	6

TABLE D-1 NOTES

**The term "fiscal analyst" is used quite broadly here. Depending upon the state, a fiscal analyst may perform one or more of the following functions: budget analysis, revenue forecasting, fiscal note preparation, revenue analysis, post audit and performance review fiscal research, report preparation.

- DE: Staff director only; staff analysts appointed by director.
- FL: Committee chairmen in respective houses. approval of president and speaker.
- KS: By director of Legislative Research, who is appointed by Legislative Management Committee.
- LA: Legislative fiscal officer elected by a majority of House and Senate. Fiscal officer appoints staff.
- MD: Staff director only; staff analysts appointed by director.
- MS: Staff is responsible to and appointed by legislative/executive board.
- MT: Legislative fiscal analyst is appointed by and responsible to Legislative Finance Committee. Balance of staff appointed by fiscal analyst.
- NV: With the Legislative Commission's approval, the Legislative Council Bureau director appoints the Assembly and Senate fiscal analysts. Remainder of staff appointed by fiscal analyst.
- NY: Chairmen appoint majority staff; ranking minority members appoint minority staff.
- OH: Staff director only; he appoints remaining staff.
- OK: Staff directors appointed by House Chief Clerk/Administrator or Secretary of Senate. Remaining staff appointed by directors.
- OR: Appropriations Committee during session; Emergency Board during interim.
- SC: Budget and Control Board staff is responsible to and appointed by Legislative/Executive Budget and Control Board. Ways and Means Committee staff is appointed by the speaker with advice of Ways and Means chairmen.
- WI: Bureau director only; remainder of staff appointed by staff director.

TABLE D-2

FISCAL ANALYST STAFF ORGANIZATION
AND AUTHORIZED STAFF SIZE

STATE	PROFESSIONAL			SUPPORT		
	HOUSE	SENATE	JOINT	HOUSE	SENATE	JOINT
ALABAMA			9			4
ALASKA			7			3
ARIZONA			22*			4
ARKANSAS			14			5
CALIFORNIA*	11	8	71	7	3	25
COLORADO			11			3
CONNECTICUT*			19			3
DELAWARE			7			3
FLORIDA	13	13		4*	5	
GEORGIA			11			2
HAWAII	1*	3*			1	
IDAHO			7			1.5
ILLINOIS	MJ 12 MN 12	MJ 8 MN 8		MJ 4 MN 4	MJ 2 MN 2	
INDIANA	2	2	7			2
IOWA			15			2
KANSAS			11			1*
KENTUCKY			15*			3
LOUISIANA			14			4
MAINE			4			1
MARYLAND			32*			11*
MASSACHUSETTS	11	12		5	3	
MICHIGAN	23	23		9	9	
MINNESOTA	7	4		1	1	
MISSISSIPPI			6			3
MISSOURI	5	4	7*	2	2	3*
MONTANA			12			2
NEBRASKA			13			4
NEVADA			6			3*
NEW HAMPSHIRE			8			7
NEW JERSEY			23*			5
NEW MEXICO			10			4
NEW YORK	27	30		33	31	
NORTH CAROLINA			23			3
NORTH DAKOTA	5	5		2	2	
OHIO			14-16			5-6
OKLAHOMA	6	6	2	6*	2	1
OREGON			10			2
PENNSYLVANIA*	MJ 7 MN 3	MJ 3 MN 4		MJ 4 MN 3	MJ 4 MN 6	
RHODE ISLAND	7	2		2	1	
SOUTH CAROLINA	8	1		2	2	
SOUTH DAKOTA			5			1*
TENNESSEE			7			1
TEXAS			42			14
UTAH			12			3
VERMONT	1	1	2*	1	1	1*
VIRGINIA	4	3		2	1	
WASHINGTON	14	7		3	1	
WEST VIRGINIA*			2*	Varies		
WISCONSIN			28			5
WYOMING			5			3

TABLE D-2 NOTES

- AZ: Includes budget review staff, management/appropriations analysts, economists.
- CA: Includes Assembly Ways and Means, Senate Finance, and Joint Legislative Budget Committee's Office of Legislative Analyst. Excludes revenue committees.
- CT: During the session, fiscal staff also receives help from two interns and one temporary clerical.
- DE: (1) Includes director. Staff provides primary support to Joint Finance Committee and also provides support on fiscal matters to other House and Senate standing committees upon request.
(2) Additional support staff (part-time) may be hired during budget deliberations.
- FL: Support staff also has two interns.
- HI: House: One permanent appropriations analyst during off session. Analyst is assigned to the Finance Committee during session. Senate: Retains three professionals and one support staff with the Ways and Means Committee full time.
- IS: Support staff is also provided by Legislative Research.
- KY: Permanent staff of Legislative Research Committee provides budget review and fiscal note services. Supplemented by committee staff.
- MD: Includes staff associated with following activities: budget analysis, fiscal notes and fiscal research, committee staff, local government finances, program evaluation/sunset, special studies, and staff supervision.
- MO: In addition to the two appropriations committees' staffs, there is staff to the Joint Committee on State Fiscal Affairs.
- NV: Also provides staff support to revenue committees.
- NJ: Staff provided to the following committees: Joint Appropriations; Senate Revenue, Finance and Appropriations; Joint Bond Oversight; and Assembly Revenue, Finance and Appropriations.
- OK: House fiscal staff shares three secretaries and two control clerks with other House divisions.
- PA: Figures here are for appropriations staffs only.
- SD: Temporary clerical help assigned during session.
- VT: In addition to the two appropriations committees' staffs, there is staff to the Joint Fiscal Committee.

WV: Supplied from permanent staff of Legislative Auditor; supplemented by committee staff.

TABLE D-3

LEGISLATIVE FISCAL STAFF SERVICES^A
PROVIDED ON A REGULAR, FORMAL BASIS^A

STATE	FORMULATES LEGISLATIVE BUDGET	PREPARES REVENUE ESTIMATES	PREPARES LONGER- RANGE FORECASTS THAN BUDGET PERIOD	ANALYZES FEDERAL POLICY	REVIEWS LOCAL GOVERNMENT FINANCE
ALABAMA		x			
ALASKA		x			
ARIZONA	x	x			
ARKANSAS	x				
CALIFORNIA		x	x	x	x
COLORADO	x				
CONNECTICUT	x	x	x	x	x
DELAWARE	x	x			
FLORIDA	x	x			x
GEORGIA		x			
HAWAII		x			
IDAHO		x	x	x	x
ILLINOIS		x*	x*	x	
INDIANA		x		x	x
IOWA		x			
KANSAS		x	x*	x*	
KENTUCKY		x			
LOUISIANA		x	x		x
MAINE	x			x	
MARYLAND		x	x	x	x
MASSACHUSETTS		x	x	x	
MICHIGAN		x	x*	x	x
MINNESOTA	x	x			
MISSISSIPPI		x			
MISSOURI		x			
MONTANA		x			
NEBRASKA	x		x		x
NEVADA		x		x	x
NEW HAMPSHIRE	x	x	x		x
NEW JERSEY		x		x	
NEW MEXICO	x				
NEW YORK		x			x*
NORTH CAROLINA	x	x	x		x
NORTH DAKOTA					
OHIO		x	x	x	
OKLAHOMA		x		x	
OREGON					
PENNSYLVANIA					
RHODE ISLAND		x			
SOUTH CAROLINA					
SOUTH DAKOTA		x			
TENNESSEE					
TEXAS	x				
UTAH		x		x	
VERMONT	x	x	x	x	x
VIRGINIA	x				
WASHINGTON		x			
WEST VIRGINIA		x			
WISCONSIN		x			
WYOMING		x	x		
TOTAL	15	38	15	15	14

^A Virtually all appropriations staffs provide the following services: 1) budget bill summaries; 2) budget bill analysis; 3) legislative overview; 4) summaries of data from executive agencies; 5) fiscal note analysis.

TABLE D-3 NOTES

- IL: Revenue estimates, fiscal notes and longer-range forecasting are done by the Economic and Fiscal Commission.
- KS: Only on specific issues upon request. General projections of multi-year revenues and expenditures from the state general fund are provided.
- MI: Only on specific issues upon request.
- NY: Senate Finance minority staff function only.

SECTION E

INTERIM

Table E-1
NATURE OF EXECUTIVE AUTHORITY TO, AND LEGISLATIVE INVOLVEMENT
REDUCING EXPENDITURES TO BALANCE THE BUDGET AFTER THE APPROPRIATIONS
BILL HAS BEEN SIGNED INTO LAW

State	Restrictions on Executive's Authority to Reduce Budget			Role of Legislature in Budget Reduction	
	None ¹	Can cut only across-the-board	Maximum % reduction	Must consult with the legislature	Other
Alabama		X			Limited. Full legislature's approval required for other than across-the-board reductions.
Alaska	X				None.
Arizona	X*				None.*
Arkansas					Binding. The legislature biennially determines the share of any budget cuts which an agency must absorb in the event of a deficit.
California	X				None.
Colorado	X				None.
Connecticut			5% of an approp. or 3% of a fund		Limited. Legislative approval needed where total appropriated must be reduced by more than 5%.
Delaware	X*				None.*
Florida				X	Limited. The governor and cabinet are required by law to consult with the legislature before cuts are made.
Georgia	X				None.
Hawaii	X				None.
Idaho		X			Limited. Full legislature's approval required for other than across-the-board reductions.
Illinois			2% total approp.*		Limited. Cuts over 2% of total appropriations require sign-off of full legislature.
Indiana	X				None.
Iowa		X			Limited. Full legislature's approval required for other than across-the-board reductions.
Kansas *	X*				None.
Kentucky			5% of budget*		Limited.*
Louisiana			10% of a budgetary unit		Limited. Full legislature's approval needed if reduction for any budgetary unit exceeds 10%.
Maine		X*			Limited. Full legislature's approval for all but "equitable" reductions among state agencies.
Maryland			25% of any item of appropriation		None.

State	Restrictions on Executive's Authority to Reduce Budget				Role of Legislature in Budget Reduction
	None	Can cut only across-the-board	Maximum % reduction	Must consult with the legislature	Other
Massachusetts	X			X	X*
Michigan					
Minnesota	X*				
Mississippi				X	
Missouri	X				
Montana			15% of the budget		
Nebraska	X*				
Nevada			The lesser of 10% of an allotment category or \$25,000		
New Hampshire				X	
New Jersey					X*
New Mexico					X*
New York		NO RESPONSE			
North Carolina		X			
North Dakota	X				
Ohio	X				
Oklahoma		X			
Oregon	X*				
Pennsylvania	X				
Rhode Island					
South Carolina				X	X*
South Dakota	X	X			
Tennessee	X*			X	
Texas		NO RESPONSE			
Utah		X			

State	Restrictions on Executive's Authority to Reduce Budget				Role of Legislature in Budget Reduction
	None ¹	Can cut only across-the-board	Maximum % reduction	Must consult with the legislature X*	Other
Vermont				X*	
Virginia			25% of an agency's approp.; 15% of employee salaries		X* Binding by full legislature.* Limited. Full legislature's approval needed where an agency appropriation must be cut by more than 25% or employee salaries must be reduced by more than 15%.
Washington		X			X* Limited. Full legislature's approval required for other than across-the-board reductions.
West Virginia		X*			X* None.
Wisconsin			1/2 of budget		X* Limited.*
Wyoming	X				None.

TABLE E-1 NOTES

- ¹ Executive can cut selectively or across the board in all areas, without consulting the legislature.
- AZ: While the governor has unilaterally reduced state spending, there is some question about his legal authority to do so. (Ariz. Legis. Council Memo, June 22, 1982).
- AR: Governor must make cuts according to the guidelines established by the legislature in a bill passed every two years concerning the distribution of allotments.
- CT: If it is necessary to reduce total appropriated by more than 5%, general assembly approval is required. If a fund must be reduced by more than 3% or an appropriation account must be reduced by more than 5%, finance advisory committee approval is required. (Connecticut statutes, Section 4-85(c))
- DE: No specific statutes detail how deficits are to be handled in Delaware. It has been the practice in the state, however, for the Governor to ask his agencies to reduce their spending where revenues are short.
- IL: Under an act passed in December 1982, the executive branch, during FY1982-83, may hold up to 2% of total appropriations in contingency reserve and up to 5% of any state agency budget except welfare grants and education appropriations; however, no agency's total appropriation may be put into reserve over 2%.
- KS: The following may not be reduced: legislative and judicial branch appropriations and funds for dedicated purposes. (Kansas Attorney General Opinion No. 82-160.)
- KY: The information presented here pertains to procedures outlined in a bill passed during the 1982 session which will take effect in FY 1984-85. If revenues are $2\frac{1}{2}\%$ or less, branch heads are authorized to reduce spending to the extent funds are available in the budget reserve fund. If the revenues are $2\frac{1}{2}$ -5% below official estimates, an enacted reduction plan is implemented. The law is silent on shortfalls greater than 5%.
- LA: Appropriations for certain retirement programs may not be reduced.
- ME: The Governor has the authority to make "equitable" reductions among state agency budgets.
- MD: The following items may not be reduced: appropriations for payment of interest and retirement of state debt, appropriations to the legislature, public schools and the judiciary, and salaries. (Maryland Statutes, Article 15A, Section 11)
- MI: The following may not be reduced: expenditures of the legislative and judicial branches and funds for constitutionally-dedicated purposes. (Michigan Constitution of 1963, Article 5, Section 20)
- MN: State aids to school districts may not be reduced. (Minnesota Statutes, Section 16A.15, Subdivision 1)
- NE: The Governor has no legal authority to reduce appropriations. However, he can request agencies to reduce their budgets and he can enforce that request for those agencies where he has appointed the department head. Only the legislature can reduce the appropriation to an agency by amending the appropriation during a regular or special session.

- MI: Governor can veto committee action and vice versa.
- NJ: The question of whether the Governor can selectively cut in order to balance the state budget is currently under dispute in New Jersey. Hence, the nature of the restrictions on the Governor's authority to reduce budgets in New Jersey is unclear as of this writing.
- NH: Governor can reduce expenditures in executive and judicial agencies but can only suggest reductions in public schools, universities, and legislative appropriations.
- OR: A recent opinion of Oregon's Attorney General has concluded that, given a projected revenue shortfall, the Executive Department may reduce allotments to prevent a deficit. This "new" power has not been used, the Governor choosing to call special legislative sessions to deal with two subsequently projected deficits in 1982.
- RI: Appropriations for the general assembly and legislative agencies may not be reduced. (Rhode Island Statutes, Section 35-3-16)
- TH: The Governor may reduce expenditures in all agencies where he appoints the director.
- VT: However, the Governor may control the rate of expenditures by state agencies through his allotment powers. In so doing, he may reduce an allotment if he determines that a lesser amount than was appropriated is required. But, he has no statutory authority to unilaterally reduce appropriations in order to balance the budget.
- VA: Appropriations for the following may not be reduced: interest payments, certain pensioners, certain employee benefits, and certain capital construction projects. (Virginia Statutes, Section 4-2.01(e))
- WV: In order to balance the budget, the governor may make pro rata reductions in all appropriations out of general revenue. If, however, he determines that such reductions would "dangerously impair the existence of the essential services of government", reductions must be made according to a schedule of priorities set out in statute. (see West Virginia Statutes, 5A-2-22 through 5A-2-25)
- WI: State aids may not be cut.

Table E-2
TRANSFER OF APPROPRIATIONS: POWERS OF THE EXECUTIVE BRANCH AND ROLE OF THE LEGISLATURE

State	Authority of Executive to Transfer Appropriations Between:		Role of Legislature in Transfers	
	Departments	Programs within a department	Object classes within a program	
Alabama	Not allowed	Unlimited	Unlimited	Appropriation transfers between programs within a department must be reported to the legislature quarterly. Legislature must amend appropriations act for interdepartmental transfers.
Alaska	Not allowed	Not allowed	Unlimited	Transfers between appropriations can only be made if provided for in the appropriations act or if the legislature amends the appropriations act.
Arizona	Not allowed	Limited (see "Role of Legislature")	Limited (see "Role of Legislature")	Binding by the Joint Legislative Budget Committee over: 1) transfer of funds to or from personal services from any other program, budget or subclass; and 2) transfer of funds within the Division of Finance. Legislature must amend appropriations act for interdepartmental transfers.
Arkansas	Not allowed	Limited*	Limited*	Depending on the situation, executive branch may be required to consult the Legislative Council before transferring monies.
California	Not allowed	Limited*	Unlimited	Legislature must amend appropriations act for interdepartmental transfers.
Colorado	Not allowed	(Matter is currently under litigation)	Limited under litigation)	Binding by legislative executive Finance Advisory Committee over transfers within a department of more than \$50,000 or 10%, whichever is less. Legislature must amend appropriations act for interdepartmental transfers.
Delaware	Not allowed	Limited (see "Role of Legislature")	Limited*	The Comptroller General, an employee of the Legislature, must concur on all transfers of General Funds approved by the Budget Director. Legislature must amend appropriations act for interdepartmental transfers.
Florida	Not allowed	Up to 5%	Up to 5%	Legislature must amend appropriations act for interdepartmental transfers and transfers within a department over 5%.
Georgia	Not allowed	Must have legislative approval	Must have legislative approval	Binding by Senate and House fiscal affairs subcommittees over all budget object transfers. Legislature must amend appropriations act for interdepartmental transfers.

State	Authority of Executive to Transfer Appropriations Between:			Role of Legislature in Transfers	
	Departments	Programs within a department	Object classes within a program		
Hawaii	Not allowed	Must have legislative approval	Unlimited		Binding by the Senate, President and House speaker over transfers between appropriations within an expending agency. Legislature must amend appropriations act for interdepartmental transfers. Legislature must amend appropriations act for interdepartmental transfers and transfers between programs exceeding 10%.
Idaho	Not allowed	Up to 10%	Limited*		Binding by legislature over interdepartmental transfers and transfers exceeding 2% of an operating budget item. None provided in statutes.
Illinois	Not allowed	Up to 2% of operating budget	Up to 2% of operating budget		Prior to any transfer of funds between departments, the chairpersons and subcommittee chairpersons of the House Senate Budget committees must be given at least two weeks to review and comment on the proposed transfers.
Indiana	Unlimited	Unlimited	Unlimited		
Iowa	Unlimited	Unlimited	Unlimited		
Kansas		(No response)			
Kentucky	Not allowed	Unlimited	Unlimited		Legislature must amend appropriations act for interdepartmental transfers.
Louisiana	Not allowed	Not allowed	Up to \$20,000*		Legislative Budget Committee must approve transfers between categories of expenditure exceeding \$20,000 in the aggregate.
Maine	Not allowed	Unlimited	Unlimited		Executive must notify legislature 30 days prior to any transfer. Legislature must amend appropriations act for interdepartmental transfers.
Maryland	Limited*	Unlimited	Unlimited		Legislature must amend appropriations act for interdepartmental transfers.
Massachusetts		(No response)			
Michigan	Not allowed	Must have legislative approval	Must have legislative approval		Binding by House and Senate appropriations committees over intradepartmental transfers.* Legislature must amend appropriations act for interdepartmental transfers.
Minnesota	Limited*	Unlimited	Unlimited		Legislature must amend appropriations act for interdepartmental transfers.
Mississippi	Not allowed	Must have legislative approval	Limited by specific provisions in appropriations act		Binding by executive-legislative Commission of Budgeting and Accounting over transfers between programs. Legislature must amend appropriations act for interdepartmental transfers.

State	Authority of Executive to Transfer		Appropriations Between: Object classes within a program	Role of Legislature in Transfers	
	Departments	Programs within a department		Object classes	Transfers
Missouri	Not allowed	Not allowed	Not allowed	Not allowed	Legislature must amend appropriations act for any transfers whatsoever to be made.
Montana	Not allowed	(No response)			
Nebraska	Not allowed	Not allowed			Legislature must amend appropriations act for any transfers between departments or programs.
Nevada	Not allowed	Must have legislative approval	Limited only by ceiling on personal services expenditures Must have legislative approval		Transfers of money within a department require Legislative Interim Finance Committee approval. Legislature must amend appropriations act for interdepartmental transfers.
New Hampshire					
New Jersey	Limited*	(No response) Up to \$200,000 in any account	Up to \$200,000 in any account		Binding by the Legislative Budget Officer over cumulative transfers in excess of \$200,000 in any account within a department or agency. Legislature must amend appropriations act for interdepartmental transfers.
New Mexico	Not allowed	Up to 4% deviation from original budget	Unlimited		Transfers between division are reviewed by the Legislative Finance Committee.
New York	Not allowed	Up to 5% of an appropriation of \$5 million or less; Up to 4% of an appropriation of \$5 to \$10 million; Up to 3% of an appropriation of more than \$10 million.	Unlimited		Legislature must amend appropriations act for all interdepartmental transfer and for transfers between programs exceeding the limited of the executive's transfer authority.
North Carolina	Not allowed	Unlimited*	Unlimited*		Legislature must amend appropriations act for interdepartmental transfers.
North Dakota	Not allowed	Must have emergency commission approval	Must have emergency commission approval		Binding by emergency commission which consists of governor, the commission of agriculture, the secretary of state, the chairman of the senate appropriations committee, and the chairman of the house appropriations committee.

State	Authority of Executive to Transfer Appropriations Between:			Role of Legislature in Transfers	
	Departments	Programs within a department	Object classes within a program		
Ohio	Not allowed	Not allowed	Not allowed		A controlling board with six legislative members and one executive branch member may approve requests to transfer appropriations within any agency. Transfers between agencies must be approved by the legislature.
Oklahoma	Not allowed	Up to 10%	Up to 10%		Binding by executive-legislative Contingency Review Board for intradepartmental transfers exceeding 10% but less than 25% of an appropriation. Legislature must amend appropriation act for all interdepartment transfers and intradepartment transfers exceeding 25% of an appropriation.
Oregon	Not allowed	Must have legislative approval	Must have legislative approval		Binding by Legislative Emergency Board over transfers between expenditure classifications within the budget of an agency. Legislature must amend appropriations act for interdepartmental transfers.
Pennsylvania		(No response)			
Rhode Island		(No response)			
South Carolina		(No response)			
South Dakota		(No response)			
Tennessee	Not allowed	Must have legislative approval	Unlimited		Binding by committee composed of Senate Speaker, House Speaker and Comptroller over transfers between divisions within a department. Legislature must amend appropriations act for interdepartmental transfers.
Texas		(No response)			
Utah		(No response)			
Vermont	Not allowed	Up to \$25,000	Unlimited		Transfers in excess of \$25,000 requires approval of Emergency Board over transfers within a department. Legislature must amend appropriations act for interdepartmental transfers.
Virginia	Unlimited	Unlimited	Unlimited		None provided for in statutes.
Washington	Not allowed	Limited (see "Role of Legislature")	Unlimited		Funds in the appropriations act "provided solely" for a purpose may not be transferred. Legislature must amend appropriations act for interdepartmental transfers.
West Virginia	Limited (see "Role of Legislature")	Limited (see "Role of Legislature")	Limited (see "Role of Legislature")		Except for the budget for the Supreme Court, transfers may not be made between items in any agency budget without approval of both houses of the legislature.

<u>State</u>	<u>Authority of Executive to Transfer Appropriations Between:</u>		<u>Role of Legislature in Transfers</u>
	<u>Departments</u>	<u>Programs within a department</u>	
Wisconsin	Must have legislative approval Not allowed	Must have legislative approval Not allowed	Unlimited
Wyoming			Unlimited
			Binding by legislative Joint Committee on Finance over transfers between appropriations and programs. Legislature must amend appropriations act for any transfers to be made between line appropriations.

TABLE E-2 NOTES

- AK: Appropriations may not be transferred between agencies within a department but program funds within an agency may be. No transfers are allowed unless specific authority is granted in the appropriations act.
- CA: If transfers within a department constitute a new program or increased level of service, executive branch must notify the Joint Legislative Budget Committee and wait 30 days for review.
- DE: No funds may be transferred into appropriations for "salaries" or "salaries and wages" from appropriations for nonsalary items. (Delaware Statutes, Section 29-6528 (c)).
- ID: No appropriation made for expenses other than personal services shall be expended for personal services of the particular office for which it is appropriated. Also, all moneys appropriated for capital outlay must be used for that purpose. (Idaho Statutes, 67-3511).
- IL: Except for personal services where transfers are not allowed.
- LA: Funds appropriated for salaries, step increases and merit increases for personnel may not be transferred.
- MD: Interdepartmental transfers are only allowed if specifically authorized by the budget.
- MI: Legislative approval is waived if the transfer is to pay employee fringe benefits and is not more than 3% of \$30,000, whichever is greater. The maximum allowed under this provision is \$50,000 (Michigan, Public Acts 1976, No. 120, Section 17.6 (2)).
- MN: Monies may only be transferred between departments if there is specific authorization to do so in the appropriations act.
- NJ: Transfers between State Aid accounts and either Direct State Services or Capital Construction accounts may be made only if approved by the Subcommittee on Transfers of the Joint Appropriations Committee.
- NC: Unless prohibited by specific statutes.

TABLE E-3
INTERIM LEGISLATIVE CONTROL OVER
RECEIPT OF UNANTICIPATED FEDERAL FUNDS**

<u>State</u>	<u>Controlling Authority</u>	<u>Degree of Legislative Authority</u>
Alabama	Executive branch	None
Alaska	Governor	Strong advisory role (Legislative Budget Cmte.)
Arizona	Executive agencies	None
Arkansas	Governor	Advisory (Leg. Council)*
California	Executive branch	Strong advisory (Jt. Leg. Budg. Cmte.)
Colorado	Matter currently in litigation.....	
Connecticut	Leg. & gov. for block grants; gov. for other fed. funds	Binding over block grants*
Delaware	Executive branch	None
Florida	Cabinet	Advisory (approp. comtes.
Georgia	Executive branch	Advisory (Leg. Budget Office)
Hawaii	Governor	None
Idaho	Executive branch	None
Illinois	Executive branch	Varies*
Indiana	Governor	Advisory (State Budget Cmte.)
Iowa	Legislature and executive	Binding over block grants*
Kansas	Legislature and governor	Binding (State Finance Council)*
Kentucky	Executive branch	Informational*
Louisiana	Joint Leg. Budget Cmte.	Binding (Leg. Budget Cmte.)*
Maine	Leg. & gov. for block grants; gov. for other fed. funds	Binding over block grants*
Maryland	Legislature & executive	Advisory (Leg. Policy Cmte.)
Massachusetts	Governor	Informational*
Michigan	- Full-time legislature -	
Minnesota	Executive	Strong advisory role (Leg. Advisory Cmsn.)*
Mississippi	Budget and Accounting Commission	Binding (jt. leg.-exec. Budget and Accounting Commission)
Missouri	Executive branch	None*
Montana	Leg. for block grants; gov. and regents for other federal funds.	Binding over block grants*
Nebraska	Governor	Advisory (leg. Exec. Bd.)
Nevada	Leg. Interim Fin. Cmte. and governor	Binding (Interim Fin. Cmte.)*
New Hampshire	Executive branch	Informational*
New Jersey	Leg. Budget Officer and executive branch	Binding (Leg. Budget Officer)
New Mexico	Executive branch	Advisory (Leg. Finance Cmte.)
New York	Legislature	Binding (full legislature)*
North Carolina	Legislature & executive	None*
North Dakota	Emergency Commission	Binding (jt. leg.-ex. Emerg. Cmsn.)
Ohio	State Controlling Board	Binding (jt. leg.-ex. State Controlling Board)
Oklahoma	Executive	None
Oregon	Legislative Emergency Bd. - Full-time legislature -	Binding (Emergency Board)
Pennsylvania		
Rhode Island	Executive branch	None
South Carolina	Executive	None
South Dakota	Leg. Jt. Cmte. on Approp. and executive	Binding (Jt. Cmte. on Approp.)
Tennessee	Goveror & agency heads	Review & acknowledgement (Fin. & Ways & Means Cmte. Chrmn.)
Texas	Agency heads	None*
Utah	Governor	None*
Vermont	Gov. for excess receipts	Binding over new programs, equip. syst. purch's (Jt. Fiscal Cmte.)
Virginia	Executive agencies	None*
Washington	Governor	None
West Virginia	Dept. of Fin. & Admin.	Informational*
Wisconsin	Governor	None
Wyoming	Governor	None

** from Legislative Finance Paper #22, "Strengthening Legislative Oversight of Federal Funds: Problems, Issues, and Approaches," NCSL, July 1982.

TABLE E-3 NOTES

- AK: The Governor must respond in writing to the Legislative Budget Committee if he authorizes federal fund expenditures over their objections.
- AR: The full legislature must ratify the Governor's decision during the next session or state participation in the program is withdrawn.
- CT: In 1982, Connecticut passed a bill that stated, in part: "If the state receives federal block grant funds in lieu of categorical grant funds during any fiscal year, the governor shall submit his recommendations for the allocation of such funds to the joint standing committee . . . having cognizance of the subject matter relating to such recommendations . . . Disbursement of such funds shall be in accordance with the governor's recommendations as approved or modified by the committees . . ."
- IL: "Non-appropriated" spending is permissible if: (1) purpose for which monies are to be spent are for purposes and/or resources which were not appropriated; (2) the spending does not commit the state to "matching" resources; (3) the General Assembly has not specifically denied the purpose; and (4) the agency has the statutory authority to carry on the activities of the program. Otherwise, a state agency must seek a supplemental appropriation.
- IN: The governor is empowered by statute to receive federal funds which are automatically appropriated upon review and comment by the State Budget Committee. The State Budget Committee is made up, in part, of state legislators.
- IA: Under a law passed in 1981, all block grant funds received by the state must be deposited in a special account subject to appropriation by the legislature. The legislature has no interim authority over other kinds of federal funds.
- KS: The State Finance Council is composed of the governor and eight legislators.
- KY: Provision is made for expenditure of excess receipts with notification to legislative agency.
- LA: The constitutionality of the Legislative Budget Committee was upheld in a 1977 Louisiana case, State ex rel. The Guste v. Legislative Budget Committee et al (347 S. 2nd 160).
- ME: In 1981, Maine passed a law requiring that any change from federal categorical grants to federal block grants shall not be implemented on the state level without recommendations from the committee having jurisdiction over appropriations and financial affairs and approval by the legislative branch of state government. No expenditure shall be made from any block grant unless allocation of funds is recommended by the Committee on Appropriations and Financial Affairs and approved by the Legislature.
- MA: A law was passed by the legislature in 1981 which stated that, "No state agency may make expenditures for any federal grant funds unless such expenditures are made pursuant to specific appropriations . . ." However, this same piece of legislation said that if federal grant funds become available which could not reasonably have been anticipated and included in the budget, the governor may spend the monies. In so doing, the governor must submit to the chairmen of the committees on ways and means a statement explaining how the funds will be spent and why the receipt of the funds could not reasonably have been anticipated in the budget.
- MN: For new programs, personnel level changes, and proposed increases in state match, an agency must secure the recommendation of the Legislative Advisory Committee.
- MO: interim legislative control over federal funds was disallowed by a 1975 state supreme court decision banning delegation of legislative appropriations authority to a committee.

Table E-3 Notes Continued

- MT: The Montana legislature passed a bill in 1981 requiring that a special session be held for appropriation of any block grant funds received after April 1, 1981. A special session was held in November 1981 and block grants were appropriated. The legislature then recessed but did not adjourn in order to maintain appropriations control over any additional block grants that might come to the state before the legislature's next session in 1983.
- NV: A 1979 law requires legislative authorization of state agency acceptance of any gift or grant. During the interim, the Interim Finance Committee must accept any gifts or grants not included in the legislature's Authorized Expenditure Act.
- NH: Except that all newly created positions must be approved by the Legislative Fiscal Committee.
- NY: Payments from any funds (including federal monies) of the state or under state management are prohibited without legislative appropriation.
- NC: A 1982 North Carolina Supreme Court advisory opinion found unconstitutional the delegation of the authority to approve/disapprove interim federal receipts to North Carolina's Joint Legislative Committee to Review Federal Funds which had been provided for in 1981 law.
- TN: Finance and Ways and Means Committee chairmen must review and acknowledge a proposal for increased spending before unanticipated federal funds may be spent.
- TX: However, in 1981, the legislature attached a rider to the appropriations bill which required that where block grants replace categorical grants, the funds should be allocated to state departments and agencies as they were under categorical grants, thus limiting the governor's ability to move funds around at will during the interim.
- UT: However, the legislature must act on grants requiring state match in the subsequent session.
- VA: The General Assembly (JLARC) recommended that no agency expend non-general funds (including federal funds) in excess of 110% of appropriations without the Governor's approval.
- WV: Under a bill passed during the 1982 session, the governor must submit a statement to the legislative auditor explaining why the unanticipated funds could not reasonably have been anticipated in the budget process and describing how the funds will be spent. Unanticipated funds received during the interim may not be spent for the creation of a new program or for a significant alteration of an existing program.

SECTION F

FEDERAL FUNDS

TABLE F-1
LEGISLATIVE APPROPRIATION OF FEDERAL FUNDS
AND FEDERALLY-FUNDED POSITIONS**

State	Appropriation of Federal Funds			Appropriation of Federally Funded-FTE ^B
	Makes Specific Appropriations ^A	Makes Automatic or Open-ended Appropriations	Does Not Appropriate Federal Funds	
Alabama		x		No
Alaska	x			Yes
Arizona		x		No
Arkansas	x			Yes
California	x			No
Colorado			x*	No*
Connecticut			x*	No
Delaware		x		No
Florida	x			Yes
Georgia	x			No
Hawaii	x			Yes
Idaho	x			In some cases*
Illinois	x*			No
Indiana		x		No
Iowa	x*			No
Kansas	x			No*
Kentucky	x			No
Louisiana	x			In some cases*
Maine	x			No
Maryland	x*			Yes
Massachusetts	x			No
Michigan	x			Yes
Minnesota	varies*			In some cases*
Mississippi	x			No
Missouri	x			In some cases*
Montana	x			No
Nebraska		x		No*
Nevada	x*			Yes
New Hampshire	x			Yes
New Jersey			x ¹	No ²
New Mexico			x ¹	No ²
New York	x			No
North Carolina	x			No
North Dakota	x			No
Ohio	x			No
Oklahoma			x ¹	In some cases ²
Oregon	x			Yes
Pennsylvania	x			No
Rhode Island		x		No
South Carolina	x*			Yes
South Dakota	x			Yes
Tennessee			x ¹	In some cases ²
Texas	varies*			No
Utah	x			No
Vermont	x			In some cases*
Virginia	x			Yes
Washington	x			In some cases*
West Virginia	(x*)			No
Wisconsin		x		Yes*
Wyoming	x			No
Total	37	7	6	21

^AThis means federal funds are appropriated either to subprogram items or are appropriated on a lump sum basis.

^BFull-time equivalent positions

**from Legislative Finance Paper #22, "Strengthening Legislative Oversight of Federal Funds: Problems, Issues, and Approaches," NCSL, July 1982

TABLE F-1 NOTES

- CO: However, the legislature went ahead and appropriated the blocks during its 1982 session despite a lack of clear authority to do so. Whether the legislature's move will be upheld by the courts is unknown as of this writing.
- CT: However, 1982 legislation required that during any fiscal year, legislative approval must be gained prior to the expenditure of any block grants.
- ID: FTE's are appropriated when it is possible to identify by FTE the level of funding allocated to personnel costs. However, this is not usually the case.
- IL: Federal funds are not appropriated separately, but are included in the total appropriation for each program, by line item (e.g., personal services, retirement contributions, travel, etc.)
- IA: Legislation was passed in 1981 giving the legislature appropriations authority over block grants; the legislature does not appropriate categorical federal funds.
- KS: Agency limits on positions include federally funded positions, but federally funded FTE are not separately specified.
- LA: Where federal funds are expected to be available for the full budget period, federally-funded FTE are appropriated. Otherwise, the funds for federally-funded positions are included under "Other Charges."
- MD: Constitutionally, the Maryland legislature can only reduce, not increase, the executive budget.
- MN: ¹Usually federal funds are not appropriated. However, in some cases, such as welfare administration, appropriation may be for an amount that includes both federal and state dollars. ²Federally-funded FTE are appropriated where known or considered necessary.
- MO: FTE limits are usually set for organizational or program entities, but they are not set by fund source. One exception to this is the environmental quality programs which do set FTE limits by fund source.
- NE: Budget bills include a limitation on salary expenditures but do not specify FTE; the limitation can be exceeded during the interim by the amount of new federal grants.
- NV: A 1979 law requires legislative authorization of state agency acceptance of any gift or grant.
- NM: ¹Due to a 1974 state supreme court decision in Sego v. Kirkpatrick, the legislature cannot appropriate federal funds. ²However, in some cases legislative intent is understood to limit the hiring of personnel under federal programs. It is the policy to place employees paid from federal sources in "term" status positions so that if funds are eliminated, so are positions.
- OK: ¹However, the legislature is considering appropriating federal funds. Also, under a 1981 law, the President Pro Tempore of the Senate and the Speaker of the House must give written authorization to the Director of State Finance before he can process any warrants or claims on federal financial assistance. ²There are instances in which the legislature authorizes employees to be paid with federal funds and stipulates when funds cease, or shortfalls occur, employees will be terminated. In these instances, the number of FTE are listed in the appropriations act.
- SC: The appropriations act contains an estimate of federal and other funds by program area and agency. These amounts are "authorized" by the act. During the session, the Joint Appropriations Legislative Review Committee (JARC) reviews and approves/disapproves each grant application. Only upon approval by the governor and concurrence by the JARC can the agency receive and expend federal funds.
- TN: ¹While the legislature does not appropriate federal funds, it does maintain strong legislative control over any state match involved. ²FTE are specified by agency, whether funded entirely by state funds or not.

Table F-1 Notes continued

- TX: Appropriations activity - varies from open-ended appropriation to appropriation of federal funds as one source of revenue for a total program.
- VT: FTE are specified for new programs only.
- WA: The social and health services appropriations have, in the past, included the number of federally funded FTE; in the 1981 session, however, the appropriations did not include federally funded FTE.
- WI: Just as with federal funds, the number of federally funded FTE positions in the budget request are authorized in the budget process, although the number of FTE authorized positions (regardless of fund source) is not actually contained in the appropriations bill itself. However, in contrast with positions funded from any other revenue source, the Governor may increase the number of authorized FTE's funded from federal revenues without any legislative approval, although such additional positions must be reported quarterly to the Joint Committee on Finance.
- WV: West Virginia has not appropriated federal funds in the past. Under a new law passed during the 1982 session, however, the state will begin appropriating federal funds in FY '83-84.

TABLE F-2
FEDERAL FUNDS TRACKING AND
INFORMATION SYSTEMS**

State	Federal Sources Used ^A	In-State Tracking System	Specificity of Federal Funds Appropriations in Appropriations Act
Alabama	None actively	No	Little or no detail
Alaska	None actively	No	Itemized
Arizona	A-95, FAADS	No	Little or no detail
Arkansas	None actively	Executive Dept. Report	Itemized
California	A-95, FAADS	CA Fiscal Info. System	Mostly itemized
Colorado	None actively	No	Itemized*
Connecticut	FAADS	System being developed*	None
Delaware	A-95	In process	Little or no detail
Florida	A-95	Statewide automated accounting system*	Itemized
Georgia	None actively	Copies of grant awards	Itemized
Hawaii	None actively	No	Little or no detail
Idaho	A-95	No	Mostly itemized
Illinois	None actively	Weekly & annual reports ¹	Itemized by fund ²
Indiana	None actively	No	Little or no detail
Iowa	A-95	No*	Detailed
Kansas	TC 1082, FAADS	No	Mostly itemized
Kentucky	A-95, TC 1082, FAADS	No*	Little or no detail
Louisiana	A-95	Governor's Office on Intergovt. Relations tracking system	Little or no detail
Maine	A-95	No	Itemized
Maryland	A-95	System being developed	Mostly itemized
Massachusetts	None actively	Quarterly reports*	Itemized
Michigan	A-95, TC 1082, FAADS	Monthly & annual reports	Itemized
Minnesota	None actively	Grant application policy notes	Little or no detail
Mississippi	A-95, FAADS	Monthly & quarterly	Little or no detail
Missouri	None actively	Monthly agency expend. reports	Itemized
Montana	None actively	Statewide Budgeting & Accounting System	Little or no detail
Nebraska	A-95, TC 1082	Executive Summary Report	Little or no detail
Nevada	None actively	No	Itemized in authorization act
New Hampshire	None actively	No	Little or no detail
New Jersey	None actively	Monthly fiscal reports	Itemized
New Mexico	None actively	Executive reports ¹	Itemized ²
New York	A-95, FAADS	GAAP*	Varies by program
North Carolina	None actively	Yes	Little or none
North Dakota	None actively	No	Mostly itemized
Ohio	A-95	Quarterly agency rpt.* (System being developed)	Itemized
Oklahoma	A-95	No	None
Oregon	None actively	By program	Itemized
Pennsylvania	None actively	State accounting system*	Itemized
Rhode Island	None actively	No	None
South Carolina	None actively	Monthly reports*	Mostly itemized
South Dakota	A-95	No	Itemized
Tennessee	None actively	Monthly reports*	None
Texas	A-95, TC 1082*	No	Mostly itemized
Utah	A-95, TC 1082	No	Itemized
Vermont	A-95	Reports comparing actual & projected expend.	Itemized
Virginia	FAADS	Automated reports*	Itemized*
Washington	None actively	Legis. computer system	Mostly itemized
West Virginia	None actively	Annual report ¹	Itemized ²
Wisconsin	None actively	Copies of grant applic.*	Little or no detail
Wyoming	None actively	No	Itemized

AFAADS = Federal Assistance Award Data System; TC 1082 = Treasury Circular 1082, A-95 = State clearinghouse for notification & review of federal grant applications.

**from Legislative Finance Paper #22, "Strengthening Legislative Oversight of Federal Funds: Problems, Issues, and Approaches," NCSL, July 1982.

TABLE F-2 NOTES

- CO: While detailed federal funds information is included in the appropriations act, the legislature does not have the legal authority to appropriate federal funds.
- CT: Legislature currently gets copies of all grant applications, except higher education research applications.
- FL: Only those funds at the state level which are appropriate by the legislature are included in the state's tracking system.
- IL: ¹Weekly application and award system; annual surveys. ²There are 80 separate federal trust funds in the state treasury.
- IA: However, the Governor must include with the budget a detailed breakdown of anticipated federal funds and how the federal funds will be used and the programs to which they will be allocated.
- KY: While Kentucky has no formal federal funds tracking system, agency reports do contain some federal funds information.
- MA: Under a bill passed in 1981, the Commissioner of Administration must issue quarterly reports detailing, by agency, the status of federal funds applied for, received, and expended.
- NM: ¹Summary reports prepared by the executive include information on all applications and awards. ²Due to a 1974 state supreme court decision, Sego v. Kirkpatrick, the legislature cannot appropriate federal funds for institutions established in the state constitution. Consequently, federal funds data are included in the appropriations act for informational purposes only.
- NY: "GAAP" stands for "generally accepted accounting principles" and is the system for monitoring and reporting on state revenues and expenditures created under New York's "Accounting, Financial Reporting and Budget Accountability Reform Act of 1981." Using the GAAP basis for accounting and reporting, interim and annual reports detailing what federal funds have been received and expended will be produced. The 1981 bill also requires a new "key item" reporting system under which quarterly data to facilitate monitoring of important programs will be produced.
- OH: These reports include information on the receipt and expenditure of federal funds.
- PA: State accounting system has been expanded to include federal funds computerized information system to track current status of federal and state appropriations.
- SC: The legislature currently receives monthly reports by the governor which include federal funds information. A comprehensive tracking and accounting system is being developed.
- TN: Reports include revised personnel summaries and revenue levels.
- TX: These federal sources are used occasionally rather than actively; more often the agency is used as the source of information.
- VA: Virginia's Joint Legislative Audit and Review Commission recently designed four automated reports on federal funds, which are derived from data in the Commonwealth Accounting and Reporting System. These reports provide information on federal fund expenditures at the agency and program level. Some, but not all, federal funds are identified by fund source in the budget bill as "Federal Trust."
- WI: Wisconsin has established an informal system whereby the Joint Committee on Finance receives copies of all those state agency federal grant applications that must be approved by the Governor when they have been approved by the Governor. Further, by statute, the Joint Committee on Finance must be notified at least quarterly of any federal funds received which are in excess of those appropriated in the budget bill.
- WV: ¹Report details federal funds received the previous year, this year, and expected next year. ²Under a bill passed during the 1982 session, beginning in FY '83-84 federal funds must be appropriated by line item.

SECTION G

FISCAL NOTES

TABLE G-1

STAFF FISCAL REVIEW PROCEDURES

STATE	ALL LEGIS. WITH FISCAL IMPACT REVIEWED	REVIEWED ON SELECTED BASIS	AGENCIES PERFORMING REVIEW IN ADDITION TO LEGISLATIVE FISCAL STAFF		
			EXECUTIVE AGENCIES	EXECUTIVE BUDGET STAFF	LEGISLATIVE SERVICE BUREAU
ALABAMA	x		x	x	
ALASKA		x	x	x	
ARIZONA	x		x		x
ARKANSAS	x				
CALIFORNIA	x		x	x	
COLORADO	x		x	x	
CONNECTICUT	x			x	
DELAWARE	x		x		
FLORIDA	x				
GEORGIA		x	x	x	
HAWAII		x			
IDaho		x	x	x	x
ILLINOIS	x		x	x	
INDIANA	x				
IOWA		x		x	
KANSAS	x		x	x	
KENTUCKY		x			
LOUISIANA		x	x		
MAINE	x		x		
MARYLAND	x				
MASSACHUSETTS	x				
MICHIGAN	x		x	x	
MINNESOTA		x	x	x	
MISSISSIPPI		x*	x	x	x
MISSOURI	x		x	x	
MONTANA		x	x	x	
NEBRASKA	x		x	x	
NEVADA	x			x	
NEW HAMPSHIRE	x		x		
NEW JERSEY	x		x	x	
NEW MEXICO	x			x	
NEW YORK	x				
NORTH CAROLINA	x		x*	x	
NORTH DAKOTA		x		x	
OHIO	x			x	
OKLAHOMA		x			
OREGON	x			x	
PENNSYLVANIA	x			x	
RHODE ISLAND	x		x	x	
SOUTH CAROLINA	x		x		
SOUTH DAKOTA	1	x	x	x	
TENNESSEE	x		x ²		
TEXAS	x		x	x	
UTAH	x				
VERMONT	x		x	x	x*
VIRGINIA	x			x	
WASHINGTON	x		x	x	
WEST VIRGINIA	x		x	x	
WISCONSIN		x	x	x	
WYOMING	x				
TOTAL	36	14	30	32	4

TABLE G-1 NOTES

- MS: Joint Rules provide that a fiscal note shall be prepared on bills having fiscal impact on request by Joint Peer Committee, Tax Commission, Budget Commission, Legislative Reference Bureau or by executive agency.
- NC: Executive agencies review in cases of local fiscal impact.
- TN: (1) All legislation reviewed except private acts, that is, those having application to and specifically naming a local jurisdiction.
Fiscal notes on private acts prepared only at legislator's request.
- (2) Prepared by Fiscal Review Committee; however, input is received from state agencies.
- VT: Joint Fiscal Office

TABLE G-2
LEGISLATIVE
FISCAL NOTE CONTENT

STATE	INTENT/ PURPOSE OF BILL	COST INVOLVED	PROJECTED FUTURE COST	PROPOSED SOURCE OF REVENUE	OTHER
ALABAMA		x	x	x	x*
ALASKA	x	x	x	x	
ARIZONA		x	x		
ARKANSAS		(No fiscal notes prepared.)			
CALIFORNIA	x	x	x	x	
COLORADO	x	x	x	x	x*
CONNECTICUT	x	x	x	x	
DELAWARE	x	x	x	x	x*
FLORIDA	x	x	x	x	x*
GEORGIA		x	x	x	
HAWAII					x*
IDAH0	x	x	x	x*	
ILLINOIS	x	x	x	x	x*
INDIANA	x	x	x	x	
IOWA		x	x	x	
KANSAS	x	x	x	x	
KENTUCKY	x	x*	x	x	
LOUISIANA	x	x	x	x	
MAINE		x	x	x	x*
MARYLAND	x	x	x	x	x*
MASSACHUSETTS		x			
MICHIGAN	x	x	x	x	
MINNESOTA	x	x	x	x	
MISSISSIPPI		x	x		
MISSOURI	x	x	x	x	x*
MONTANA	x	x	x	x	
NEBRASKA		x	x	x	x*
NEVADA	x	x	x	x	
NEW HAMPSHIRE	x	x	x	x	
NEW JERSEY	x	x	x		
NEW MEXICO	x	x	x	x	
NEW YORK	x	x			
NORTH CAROLINA	x	x	x	x	
NORTH DAKOTA	x	x	x*	x	
OHIO	x	x	x	x	
OKLAHOMA					x*
OREGON		x	x	x	x*
PENNSYLVANIA	x	x	x		
RHODE ISLAND	x*	x	x		
SOUTH CAROLINA*		x	x		
SOUTH DAKOTA		x	x	x	
TENNESSEE		x	x	x	
TEXAS		x	x	x	x*
UTAH		x	x	x	
VERMONT		x	x	x	
VIRGINIA	x	x	x	x	
WASHINGTON*	x	x	x	x	
WEST VIRGINIA	x	x	x	x	
WISCONSIN		x	x	x	x*
WYOMING		x	x	x	
TOTAL	30	47	45	39	14

TABLE G-2 NOTES

- AL: Projections of impact on local governments.
- CO: Local government impact.
- DE: Relevant data and prior fiscal cost information.
- FL: House provides general comments including technical problems and effective date.
- HI: No formal fiscal note. Fiscal analysis, where appropriate, is included in the committee report of all bills having money implications which are reported out of the finance or money committee in each house.
- ID: Usually indicated as general funds or "other."
- IL: The method of calculation must be explained and all calculations shown. A local government mandate act requires an impact statement for effect on local government. Debt impact notes are also prepared for capital appropriations.
- KY: Staff reports fiscal note impacts.
- ME: Local government impact based on information available to Legislative Finance Office.
- MD: Projections of both state and local government fiscal impact.
- MO: Relevant support data, duplication, local impact, capital improvements or additional rental space, and federal mandates.
- NE: Rationale to support the fiscal note estimate.
- ND: A two-year projection is included.
- OK: Many bill analyses and summaries include fiscal impact information on FTE and costs.
- OR: Projections of both state and local government fiscal impact.
- RI: Brief explanation.
- SC: Auditor's office prepares fiscal notes; Ways and Means sometimes changes them.
- TX: Includes change in the number of state employees, if any, attributable to the bill, as well as government fiscal impact.
- WA: Fiscal notes are only prepared by the executive, not legislative staff.
- WI: The estimated number of additional FTE positions (if any), by fund source, which are required must be indicated.

TABLE G-3
FISCAL NOTE DISTRIBUTION

(NOTE: In virtually all states, the appropriations chairman receives all fiscal notes.)

STATE	TO ALL LEGISLATORS	BILL SPONSOR	FISCAL STAFF	EXEC. BUDGET STAFF	APPROPRIATIONS COMMITTEE
ALABAMA	x	x	x	x	x
ALASKA	x	x	x	x	x
ARIZONA	x	x	x		x
ARKANSAS		(No fiscal notes prepared.)			
CALIFORNIA *		x			x
COLORADO	x	x	x	x	x
CONNECTICUT	x ¹	x	x	x	x
DELAWARE	x*	x			x
FLORIDA	x	x			x
GEORGIA	x	x	x		x
HAWAII		(No formal fiscal note.)			
IDAHO	x	x	x		x
ILLINOIS		x	x		x
INDIANA	x*	x	x	x	x
IOWA		(Available upon request.)			
KANSAS			x	x	x*
KENTUCKY *		x			
LOUISIANA *		x			
MAINE *			x		
MARYLAND	x*	x	x	x	x
MASSACHUSETTS	x	x	x		x
MICHIGAN	x*		x		x
MINNESOTA		x	x		x
MISSISSIPPI *		x		x	x
MISSOURI	x*	x			x
MONTANA	x	x	x	x	x
NEBRASKA	x	x	x	x	x
NEVADA	x	x	x	x	x
NEW HAMPSHIRE	x				x
NEW JERSEY	x*	x	x		x
NEW MEXICO	x*	x			x
NEW YORK		x	x		x
NORTH CAROLINA		x	x		
NORTH DAKOTA			x		
OHIO	x*	x	x		
OKLAHOMA		(No formal fiscal note)			
OREGON	x	x			x
PENNSYLVANIA	x	x			x
RHODE ISLAND			x	x	
SOUTH CAROLINA					x
SOUTH DAKOTA	x	x			x
TENNESSEE	x	x	x	x	x
TEXAS	x	x	x	x	x
UTAH	x*	x			x
VERMONT			x		x
VIRGINIA			x	x	x
WASHINGTON			x	x	x
WEST VIRGINIA	x	x			x
WISCONSIN	x ¹	x ²			x
WYOMING	x*	x			x
TOTAL	30	36	29	16	39

TABLE G-3 NOTES

- CA: Legislative Analyst's Office prepares bill analysis of all measures referred to the Ways and Means and Senate Finance Committees.
- CT: Printed with file copy of bill when possible. If time constraints prevail, a short-list distribution is made which includes majority and minority leaders, Appropriations or Finance Committee chairmen, and chairmen of non-fiscal reporting committees.
- DE: Controller general also prepares a listing weekly of money bills and estimated cost for all legislators.
- IN: By computer printout.
- KS: Also to the committee which referred.
- KY: Fiscal note is attached to bill.
- LA: Secretary of committee to which bill is referred, secretary of Senate and House clerk receive copy of all fiscal notes.
- ME: Sent to committee considering bill, speaker of the House and Senate president.
- MD: Copies generally available throughout legislative complex.
- MI: Any bill on Senate calendar must have fiscal note prepared.
- MS: Fiscal note distribution depends on whether bill is an appropriation or revenue bill.
- MO: Printed on bill or in Journal.
- NJ: If bill sponsor approves, may be distributed to all legislators.
- NM: Distribution to bill sponsor and appropriations committee is automatic; available to all legislators upon request.
- OH: If bill comes up for floor consideration; to all members of committee when bill is in committee.
- UT: Printed on each bill.
- WI: (1) Attached as appendix to bill.
- (2) The primary author of an introduced bill is given five working days, prior to publication of the fiscal note, in which to review the affected agency prepared fiscal note. The author cannot rewrite the fiscal note, but can introduce bill amendments to modify the cost estimate and can also discuss the note with the agency if the author disagrees with the prepared estimate.

WY: Printed as part of every bill. Everyone who receives a bill receives the fiscal note, including the public.

T

SECTION H

FISCAL INFORMATION
SYSTEMS AND PROCEDURES

TABLE H-1
FISCAL REPORTS/PAPERS ROUTINELY PREPARED BY LEGISLATIVE STAFF

State	Approp. Report	Revenue Projections	Budget Analysis	Budget Cmte. Hearings	Fiscal Notes	Description of the Legislative Budget Process	Special Analyses on Major Fiscal Issues	Recommendations by Staff on Budget Matters	Other
Alabama		X	X	X	X				
Alaska				(No response)			X		
Arizona	X	X	X						
Arkansas		X		X	X			X	
California	X		X	X	X	X	X		
Colorado	X		X	X	X			X	
Connecticut		X	X		X				
Delaware	X	X	X		X		X	X	
Florida	X	X	X	X	X	X	X	X	X ^a
Georgia	X	X	X	X	X		X	X	
Hawaii	X		X	X				X	
Iaho	X	X	X				X		X
Illinois	X	X ^a	X	X	X ^a	X	X	X	X ^a
Indiana		X	X		X	X			
Iowa	X	X	X		X		X		
Kansas				(No response)					
Kentucky	X		X	X	X	X	X		
Louisiana	X	X	X	X	X	X	X	X	
Maine	X	X	X		X		X		
Maryland	X	X	X	X	X	X			
Massachusetts	X	X	X	X	X	X	X	X	
Michigan	X	X	X	X	X	X	X	X	X ^a
Minnesota	X	X	X	X	X	X	X	X	X ^a
Mississippi	X		X	X	X	X	X		
Missouri	X	X	X		X	X			
Montana	X	X	X	X	X		X	X	
Nebraska	X	X	X	X	X	X	X	X	
Nevada	X	X	X	X	X	X	X		X ^a
New Hampshire	X	X	X	X	X	X	X	X	
New Jersey	X	X	X	X	X	X	X		
New Mexico	X	X	X	X	X	X	X		
New York	X	X	X	X	X	X	X	X	
North Carolina	X	X	X	X	X	X ^a	X	X	
North Dakota	X		X	X	X	X	X	X	
Ohio	X	X	X	X	X	X	X		
Oklahoma	X	X	X	X	X	X	X		
Oregon	X	X	X	X	X	X	X		
Pennsylvania	X	X	X	X	X	X	X	X	
Rhode Island	X	X	X	X	X	X	X	X	
South Carolina	X	X	X	X	X	X	X	X	
South Dakota	X	X	X	X	X	X	X	X	X ^a
Tennessee	X	X	X	X	X	X	X	X	
Texas				(No response)		X	X	X	
Utah	X	X	X	X	X	X	X		
Vermont	X	X	X	X	X	X	X	X	
Virginia	X	X	X	X	X	X	X	X	
Washington	X	X	X	X	X	X	X	X	
West Virginia	X	X	X	X	X	X	X	X	X ^a
Wisconsin	X	X ^a	X	X	X ^a	X	X	X	X ^a
Wyoming		X			X	X	X		X ^a
TOTAL	39	29	45	34	35	26	39	31	8

TABLE H-1 NOTES

- CT: Periodic statements (generally quarterly) on status of the state's General Fund. Commentary on monthly Finance Advisory Committee agenda items--generally transfers between appropriation accounts within an agency. Commentary on monthly Bond Commission agenda items for various capital projects.
- IL: Prepared by the Illinois Economic and Fiscal Commission.
- MI: Special analyses and appropriations reports.
- NE: Information guide on State Government Program.
- NY: As needed
- SC: Annual federal funding projections
- WA: Cash flow
- WI: (1) On request only
- (2) Budget Issue Papers (with alternatives); Comprehensive Summary of Executive and Legislative Decisions on the Biennial Budget; Summaries of Non-Budget Bills Considered by the Finance Committee

TABLE H-2

LEGISLATIVE APPLICATIONS
OF ELECTRONIC DATA PROCESSING**

State	Revenue Fore- casting	Revenue Analysis	Budget Comparison	Budget Effects of Legis.	Fiscal Notes	Local Fiscal Notes	Economic Impact Note	Impact of Salary & Fringe Changes	State Aid Formulas	Tracking Federal Dollars	Other
Alabama	X										X*
Alaska	X										
Arizona			X	X	X					X	
Arkansas											
California			X	X	X			X			X*
Colorado	X*	X*	X	X	X				X		
Connecticut	X	X	X	X	X				X	X	
Delaware											
Florida		X	X	X	X			X	X		
Georgia											
Hawaii			X	X*							X
Idaho											
Illinois	X	X*	X		X	X				X	X*
Indiana	X	X	X		X	X			X		
Iowa	X	X	X	X	X	X	X	X	X	X	
Kansas			X	X	X	X			X		
Kentucky			X	X	X	X					
Louisiana	X	X	X	X							
Maine					X						
Maryland	X	X	X	X	X			X	X	X	
Massachusetts			X								
Michigan	X	X	X		X	X	X	X	X	X	X*
Minnesota	X	X	X	X				X	X	X	X*
Mississippi			X	X					X	X	
Missouri											
Montana	X	X	X		X		X	X			
Nebraska		X	X	X	X				X*		
Nevada	X*	X*	X	X				X	X	X	
New Hampshire			X	X							
New Jersey	X	X	X	X	X*		X*	X*	X	X*	
New Mexico		X	X	X	X			X			X*
New York	X	X	X								
North Carolina	X	X									
North Dakota			X	X	X			X			
Ohio	X	X	X	X	X			X	X		
Oklahoma								X	X	X	
Oregon		X							X		
Pennsylvania		X	X	X	X		X		X	X	
Rhode Island	X	X	X	X	X	X	X	X	X	X	
South Carolina	X	X	X		X			X	X	X	X*
South Dakota	X	X	X	X	X			X	X	X	
Tennessee											
Texas	X	X	X	X	X	X	X	X			
Utah	X	X		X	X						
Vermont											
Virginia	X*	X*	X*								
Washington	X	X	X	X				X	X		
West Virginia											
Wisconsin	X	X	X	X					X		
Wyoming		X	X	X	X	X	X				
Total	25	29	32	28	23	9	8	18	23	15	8

**Based on a table from The Book of The States 1982-83, The Council of State Governments, Lexington, Kentucky, which has been updated.

TABLE H-2 NOTES

AL: Bill index and Act index.

AR: Budget preparation.

CA: Planned application.

CO: Tracking system only.

HI: (1) Planned application.
(2) Budget preparation.

IL: (1) Planned application.
(2) Expenditure analysis and tracking, expense forecasting and comparison to appropriations.

MI: Higher education/community college budget requests.

MN: Appropriations (experimental).

NE: For education only.

NV: Planned application.

NJ: Planned application.

NM: Bill tracking system.

OK: The legislature has contracted with an outside consultant to establish an integrated accounting system which will eventually permit the budgetary process to be more fully automated.

SC: (1) In process.
(2) Formula budgets in process.

VA: Planned application.

SECTION I

REVENUE ESTIMATES AND
ECONOMETRIC MODELING

TABLE I-1
PREPARATION AND PUBLICATION OF REVENUE PROJECTIONS

STATE	PREPARED BY:				CONTAINED IN:		
	EXEC. & LEG. INDEPENDENTLY	EXEC. ONLY	EXEC. WITH LEG. ADVICE & COMMENT	OTHER	BUDGET DOC.	APPROP. BILL	OTHER
ALABAMA	x			x*	x		
ALASKA		x					x*
ARIZONA	x						x*
ARKANSAS	x				x		
CALIFORNIA				x*	x		x*
COLORADO	x*						x*
CONNECTICUT	x			1	x	x	2
DELAWARE				x*			x*
FLORIDA	x				x		x*
GEORGIA	x				x	x*	
HAWAII				x*			x*
IDAHOO	x				x		x*
ILLINOIS	x			1	x		x*
INDIANA				x*	x		x*
IOWA	x			1	x		x*
KANSAS				x*	x		x*
KENTUCKY	x*				x		
LOUISIANA	x				x		x*
MAINE			x		x		
MARYLAND		x*			x		
MASSACHUSETTS	x				x		
MICHIGAN	x*				x	x	
MINNESOTA			x		x		x*
MISSISSIPPI			x		x		
MISSOURI	x*				x		
MONTANA	x				x		x*
NEBRASKA		x			x		x*
NEVADA	x				x		x*
NEW HAMPSHIRE	x				x		
NEW JERSEY	x				x	x	x*
NEW MEXICO			x		x		
NEW YORK	x*				x*		
NORTH CAROLINA	x				x		x*
NORTH DAKOTA			x		x		
OHIO	x				x		x*
OKLAHOMA	x*				x		
OREGON		x			x		x*
PENNSYLVANIA		x			x		
RHODE ISLAND	x				x		
SOUTH CAROLINA				x*	x	x	
SOUTH DAKOTA	x				x		
TENNESSEE		x ₁			x		2
TEXAS		x*			x		x*
UTAH	x				x		x*
VERMONT	x				x		x*
VIRGINIA			x		x	x	
WASHINGTON	x				x		x*
WEST VIRGINIA		x			x		
WISCONSIN	x*				x*	x*	x*
WYOMING	x				x		
TOTAL	30	8	6	7	45	7	26

TABLE I-1 NOTES

- AL: University of Alabama's Center for Business and Economic Research.
- AK: Revenue Source Book
- AZ: Updated by memo throughout session.
- CA: The executive branch prepares revenue estimates which are included in the budget as introduced. California also has a Commission on State Finance which prepares separate revenue projections.
- CO: Joint Budget Committee staff sits on governor's Revenue Estimating Committee. Work also done by Legislative Council staff.
- DE: (1) Delaware Economic and Financial Advisory Council which has 24 members including six legislators.
(2) Governor's Annual Budget and Finance Report.
- FL: Updates throughout session, if necessary.
- GA: If different from governor's.
- HI: The Council on Revenues prepares revenue estimates and reports these estimates to the governor and the legislature.
- ID: Legislative Revenue Projection Committee issues report; legislative projection adopted by concurrent resolution.
- IL: Published by Illinois Economic and Fiscal Commission.
- IN: (1) A technical committee composed of appointees of two senators, two representatives and the budget director.
(2) Separately published updates.
- IA: Quarterly report prepared by fiscal analyst.
- KS: (1) Revenue estimates prepared jointly by the staffs of the Executive Budget Office, Legislative Research Department and Department of Revenue, with consulting economists from the Executive Budget Office.
(2) A memo that details the staff consensus revenue estimates is distributed to the governor and legislative leadership. Neither is bound to use the staff estimates although in practice both branches have done so.
- KY: Executive estimate, however, is accepted as final.
- LA: Contained in legislatively-prepared budget analysis document.

- MD: Legislature prepares own revenue estimates for review and monitoring of executive's projections which are the official estimates.
- MI: One of general appropriations acts must have a statement of estimated revenues, by operating fund, as estimated at time of passage.
- MN: Separate analysis by tax researcher group(s).
- MO: Statutes require executive budget director to prepare estimate. House and Senate staffs also prepare estimates upon request.
- MT: Legislative fiscal analyst's estimate contained in formal analysis of Executive Budget.
- NE: State Department of Revenue is required by statute to provide projections on December 15 and to update those projections 20 days prior to the end of each legislative session.
- NV: Legislative Fiscal and Legislative Appropriations Reports.
- NJ: Legislative fiscal analyst's estimate contained in the formal analysis of executive budget.
- NY: Legislature's estimates are not prepared for publication purposes; they are used to evaluate executive projections which are published in budget document.
- NC: In final report of Economy Committee.
- OH: Separate report.
- OK: State Board of Equalization (mandated by Constitution). The legislative fiscal staff independently reviews and does projections to incorporate the information in interim planning and in deciding on the extent of state surplus revenues.
- OR: The Executive Department publishes quarterly Economic and Revenue Forecasts.
- SC: Independent board of economic advisors, Division of Budget Control and State Auditor's office present revenue estimates to the Ways and Means Committee which, after any changes they want to incorporate, publishes them.
- TX: (1) Comptroller of Public Accounts.
(2) Official estimate of Comptroller of Public Accounts.
- UT: Report issued by fiscal analyst.
- VT: Separate update releases.
- WA: Executive prepares revenue projections with legislative review using a different economic model.

WI: Department of Revenue and Legislative Fiscal Bureau separately prepare revenue estimates. The budget bill contains only estimated revenue totals; totals by specific revenue sources are detailed in the backup budget documents; actual details of revenue projections and accompanying economic assumptions are provided in separate documents.

SECTION J

BUDGET BILL CONTENT

TABLE J-1
ITEMS APPEARING IN MAJOR BUDGET BILL(S)

State	Approp. for Major Depts.	Approp. for Individual Agencies or Programs	Approp. Made by Line Item	Positions Within A Dept. or Agency	Federal Grants	Federal Funds for Each Agency	Purpose, Intent or Limitations Language	Other
Alabama	x	x				x	x	x*
Alaska				(No response)				
Arizona	x	x	x	x	x	x	x	
Arkansas	x	x	x	x		x	x	
California	x	x	x			x	x	
Colorado	x	x	x	x		x	x	
Connecticut	x	x	x					x*
Delaware	x	x	x	x			x	
Florida	x	x	x	x	x	x	x	
Georgia	x	x	x	x		x	x	
Hawaii		x		x		x	x	
Idaho	x	x	x			x	x	
Illinois	x	x	x		x			
Indiana	x	x	x		x		x	
Iowa	x	x			x		x	
Kansas				(No response)				
Kentucky	x	x				x	x	x*
Louisiana	x	x	x	x	x	x	x	
Maine	x	x	x	x	x	x	x	
Maryland	x	x				x	x	
Massachusetts	x	x	x	x	x	x	x	x
Michigan	x	x	x	x	x	x	x	x
Minnesota	x	x		x*			x	
Mississippi	x	x	x	x			x	x*
Missouri	x	x	x	x	x	x	x	
Montana	x	x					x	
Nebraska	x	x	x*			x	x	
Nevada	x	x				x*		
New Hampshire	x	x	x		x	x	x	
New Jersey	x	x	x		x	x	x	
New Mexico	x	x				x*	x	
New York	x	x	x		x	x	x	
North Carolina	x							
North Dakota	x		x			x		
Ohio		x	x		x		x	x/2
Oklahoma	x/1	x	x					x
Oregon	x	x				x		
Pennsylvania	x	x	x		x	x	x	
Rhode Island	x	x					x	
South Carolina	x	x	x	x		x	x	
South Dakota	x	x	x*	x	x	x		
Tennessee	x	x			x		x	
Texas				(No response)				
Utah	x	x				x	x	
Vermont	x	x	x	x/1	x/2	x	x	x/3
Virginia	x	x		x/2		x	x*	
Washington	x	x		x		x	x	
West Virginia	x	x	x	x	x	x	x	x*
Wisconsin	x	x			x	x	x	x*
Wyoming	x	x			x	x*	x*	
TOTALS	44	45	29	22	18	34	39	11

TABLE J-1 NOTES

- AL: Sources of appropriations funding.
- CT: Statutory language to implement budget changes may be included.
- IN: (1) Personal services, other operating expenses.
 (2) Title XX was.
 (3) For some accounts.
- KY: Debt service by line item; major capital projects itemized.
- MN: For some, but not all operating agencies.
- MS: Fund sources are shown, but only in general funds and special funds.
- NE: Ceiling on expenditures for personal services only.
- NV: Together with any other restricted revenues.
- NM: Federal funds are included for informational purposes only; they are not appropriations.
- OK: (1) Many state agencies operate partially or exclusively on dedicated revenues which are not included in appropriations bills.
 (2) Salary limitations for all funds are included.
- OR: Budget Reports are used to explain intent.
- SD: Line items used are personal services and operating expenses.
- VT: (1) Position noted if new, deleted, or upgraded.
 (2) Federal grants are appropriated as federal funds, either block or categorical.
 (3) Separate statement of intent.
- VA: On a selected basis.
- WA: (1) On a limited basis for programs.
 (2) Sometimes.
- WV: Digest of legislative intent is also developed.
- WI: Substantive statutory program and policy changes may also be contained in the bill.

TABLE J-2
LOCATION OF WORDING EXPRESSING LEGISLATIVE INTENT

STATE	IN APPROPRIATIONS BILL				OTHER		
	LINE ITEM	FOOTNOTE	CONCLUDING SECTION	OTHER	COMMITTEE REPORT	LETTER OF INTENT	OTHER
ALABAMA	x		x*				
ALASKA	x				x	x	
ARIZONA	x	x	x		x	x	
ARKANSAS	x		x				
CALIFORNIA	x		x		x ²		
COLORADO	x	x		x ¹	x ²		x ³
CONNECTICUT							x ⁴
DELAWARE			x			x	
FLORIDA	x		x*			x	
GEORGIA	x		x				
HAWAII				x ¹	x ²		
IDAHO	x	x	x		x	x	
ILLINOIS	x						
INDIANA	x						x*
IOWA	x		x				
KANSAS	x		x		x	x ¹	x ²
KENTUCKY	x		x				
LOUISIANA	x			x*	x		
MAINE		x					
MARYLAND	x		x		x		
MASSACHUSETTS	x		x	x*	x		
MICHIGAN	x		x			x	
MINNESOTA	x		x			x	x*
MISSISSIPPI			x				
MISSOURI	x	x				x	
MONTANA	x	x			x		x*
NEBRASKA	x			x*			
NEVADA			x			x	
NEW HAMPSHIRE	x	x	x				
NEW JERSEY	x	x	x				x*
NEW MEXICO	x		x			x	
NEW YORK					x		
NORTH CAROLINA			x		x	x	x*
NORTH DAKOTA	x		x		x		x*
OHIO	x						
OKLAHOMA	x				x	x	
OREGON					x*		
PENNSYLVANIA	x						
RHODE ISLAND						x	
SOUTH CAROLINA	x		x				
SOUTH DAKOTA			x			x	
TENNESSEE			x				
TEXAS	x			x ¹			x ²
UTAH	x						x*
VERMONT	x	x	x			x	
VIRGINIA	x		x				x
WASHINGTON	x		x			x	x*
WEST VIRGINIA	x	x	x				x*
WISCONSIN	x		x				x*
WYOMING	x	x*				x	
TOTAL	38	11	30	6	16	18	15

TABLE J-2 NOTES

- AL: Also introductory section.
- CO: (1) Also in introductory section.
- (2) Held by attorney general to be documentation known to all legislators and therefore a document connected to the appropriations bill.
- (3) After the session, an Appropriations Report summarizes all fiscal actions and related intent.
- CT: At the time a budget is enacted, a summary document is presented that lists legislative intent concerning budget changes.
- FL: Final section of bill is generally devoted to qualifying language.
- HI: Either (1) provisos in appropriations bill, or (2) language contained in committee report(s) accompanying bill.
- IN: Four legislators from the fiscal committees serve as an advisory committee to the executive budget agency during implementation; this committee conveys legislative intent.
- KS: (1) Occasionally.
- (2) Subcommittee reports.
- LA: Preamble.
- MA: Senate Committee on Ways and Means includes a narrative explaining the policy decisions behind the major appropriation levels.
- MN: Worksheets of the conference committee members.
- MT: Legislative fiscal staff develops appropriations report which tracks legislative changes to executive proposal and relates concerns of committee.
- NE: A companion legislative bill contains legislative intent for appropriations made on the appropriations bill.
- NJ: Subcommittee reports, statements on resolutions to change governor's recommended budget amounts.
- NC: Subcommittee reports.
- ND: Also recorded in House and Senate Journals when an appropriations bill has been amended.
- OR: A "budget" report containing detailed information as to changes made by the Appropriations Committee to the agency's budget as recommended by the governor and notations indicating legislative intent. This report

is distributed to all members prior to the time the appropriations bill is scheduled for consideration.

TX: (1) Specific, special and general (rider) provisions.

(2) Fact sheets (press releases) and resolutions authorizing insertion of new items, etc.

UT: Report by fiscal analyst's office.

WA: Budget notes.

WV: Statutes provide that a digest of the enrolled budget bill be prepared containing detail similar to that contained in the budget document submitted to the legislature by the governor. Copies are distributed to all spending units of state government for such use as deemed proper.

WI: Fiscal Bureau prepares budget summary document which describes the nature as well as amount of legislative changes to the executive budget, including indications of legislative intent.

WY: Appropriations for specific purposes are frequently footnoted. Sometimes the appropriation and footnote are combined to avoid veto of conditions without veto of appropriation.

TABLE J-3

HOW FUNDING FOR NEW OR SPECIAL
PROGRAMS IS CONTAINED IN LEGISLATION

STATE	PART OF GENERAL APPROPRIATIONS BILL(S)	SOMETIMES IN; SOMETIMES SEPARATE	ALWAYS IN BILLS SEPARATE FROM GENERAL APPROPRIATIONS BILL(S)
ALABAMA		x	
ALASKA	x	x	
ARIZONA		x	
ARKANSAS		x	
CALIFORNIA		x	
COLORADO			x
CONNECTICUT		x	
DELAWARE		x	
FLORIDA		x	
GEORGIA	x		
HAWAII		x	
IDAH0	x		
ILLINOIS			x ^a
INDIANA		x	
IOWA		x	
KANSAS		x ^a	
KENTUCKY		x	
LOUISIANA		x	
MAINE		x	
MARYLAND		x	
MASSACHUSETTS		x	
MICHIGAN		x	
MINNESOTA		x	
MISSISSIPPI			x ^a
MISSOURI		x	
MONTANA		x	
NEBRASKA			x ^a
NEVADA		x	
NEW HAMPSHIRE		x	
NEW JERSEY	x		
NEW MEXICO		x	
NEW YORK		x ^a	
NORTH CAROLINA		x	
NORTH DAKOTA		x	
OHIO		x	
OKLAHOMA		x	
OREGON		x	
PENNSYLVANIA		x	
RHODE ISLAND		x	
SOUTH CAROLINA	x		
SOUTH DAKOTA		x	
TENNESSEE	x		
TEXAS		x	
UTAH		x	
VERMONT		x	
VIRGINIA	x		
WASHINGTON		x	
WEST VIRGINIA		x	
WISCONSIN		x	
WYOMING		x ^a	
TOTAL	7	40	4

TABLE J-3 NOTES

- IL: Companion appropriation bills to new legislation.
- KS: General policy is to include funding for new programs in general appropriations bills. Use of a separate appropriations bill or inclusion of funding in the authorizing legislation occurs on occasion.
- MS: Contained in companion to authorization bill.
- NE: Separate appropriation bill accompanies each piece of legislation.
- NY: May not increase the budget as submitted by governor. If a new program is not included in the budget, the bill must also include revenue measure for program's funding.
- WY: The budget bill designates the source of funding for each agency by program; i.e., general fund, earmarked funds, federal funds, etc. Appropriations are frequently made by separate or special bills, in which case they may designate the source of funding.

TABLE J-4

BUDGET FORMATS **

State or Other Jurisdiction	Format of Agency Budget Request					Format of Appropriations to Agencies			
	Object Class	Lump Sum	Organizational Unit	Program	Other	Object Class	Lump Sum	Organizational Unit	Program
Alabama	X	X	...	X	Element	...	X	...	X
Alaska	N/R								
American Samoa	N/R								
Arizona	X	X	X	X	X	X	X	X	X
Arkansas	X	...	X	X	...	X	...	X	X
California *	X	X	X	X	X	...	X	...	X
Colorado	X	X	X	X	...	X	X	X	X
Connecticut	X	...	X	X*	...	X	...	...	...
Delaware	X		X			X		X	
District of Columbia	N/R								
Florida *	X	X	X	X	Appra. Category	...	X	X ^{#2}	...
Georgia	X	#1	X	X	...	X	...		...
Guam	N/R								
Hawaii	X	...	X	X	Decision Unit	...	...	X	X
Idaho	X	...	X	X	...	X	X	X	X
Illinois	X	...	X	X	...	...	X	X	X
Indiana	X	...	X	X	Cost Centers	...	X	X	X
Iowa	X	X	X	X	By Fund	...	X	X	X
Kansas *	X	...	X	X	...	...	...	...	X
Kentucky	X	...	X	X	...	...	X	X	X
Louisiana	X	...	X	X	...	X	X	X	X
Maine	X	...	X	X	*	X	...	X	X
Maryland	X	X	X	X	...	...	X	...	X
Massachusetts	X	...	X	X	...	...	...	X	...
Michigan	X	...	X	X	...	X	...	...	X
Minnesota	X	...	X	X	...	X	X	X	X
Mississippi	N/R								
Missouri	X	X	X	X	...	X	X	X	X
Montana	X	...	X	X	...	X	X	X	X
Nebraska	X	...	X	X	...	X	X	...	X
Nevada	...	...	...	...	Line Item	...	X	...	X
New Hampshire	X	...	X	X	...	X	...	X	X
New Jersey	X	...	X	X	...	...	X	X	X
New Mexico	X	...	X	X	...	X	X	X	X
New York	X	X	X	X	...	X	X	X	X
North Carolina	X	#1	#2	X	Line Item	...	X	...	...
North Dakota	X	...	X	X	...	X	*	...	...
Northern Mariana	N/R								
Ohio	X	X	X	X	...	X	X	X	X
Oklahoma	X	*	X	X	...	X	X	X	X
Oregon	X	...	X	X	*	X	X	X	X
Pennsylvania	X	X	X	X	...	...	X	X	X
Puerto Rico	N/R								
Rhode Island	X	X	X	X	...	...	X	X	...
South Carolina	X	X	...	X	...	X	...	...	X
South Dakota	X	...	...	X	...	...	...	...	X
Tennessee	X	X	X	X	...	...	X	X	X
Texas	X	...	...	X	...	...	...	...	X
Utah	X	...	X	X	...	...	X	X	X
Vermont *	X	X	X	X	...	...	...	...	X
Virgin Islands *	X	X	X	...	Activity Unit	...	X	X	X
Virginia	X	...	X	X	Service Level	...	...	X	X
Washington	X	...	...	X	By Fund	...	*	...	X
West Virginia	X	...	X	X	*	X	...	...	X
Wisconsin	X	X	X	X	...	X	X	...	X
Wyoming	X	...	...	X	...	X	...	...	X

Code

X - Yes

N/R - No Response

**Based on information in Budgetary Processes in the States (a tabular display), July 1981, National Assoc. of State Budget Officers, Washington, D.C. which has been updated.

TABLE J-4 NOTES

- AZ: Ninety percent of collections for licensing boards.
- CA: Scheduled or unscheduled appropriations as approved by the Legislature. They may be scheduled in any manner the Legislature designates. In order of frequency: 1) Lump sum (unscheduled); 2) Category (personal services, operating expenses and equipment, minor capital outlay, etc.). Most support appropriations are scheduled accordingly; 3) Program. (By 1983-84 departmental budget appropriation will be based on a program basis rather than by category.)
- CT: Being phased in.
- FL: Appropriations are by organizational categories: salaries, other personal services, operating capital outlay, expense. Projects for fixed capital outlays are appropriated by project title but surpluses in one project can be spent on other projects in some agencies.
- GA: (1) Legislative and judiciary branch estimates not required; lump sum appropriations are presented for these branches.
(2) Organization Unit or Activity, which is an accumulation of programs.
- IL: Occasional lump sum appropriation (e.g. first year of new agency).
- KS: Salaries & Wages are broken out.
- ME: Line item appropriations.
- NC: (1) Lump sum by institution used to continue present levels in higher education programs.
(2) Lump sum by purpose for expansions, new programs, and capital outlays.
- ND: Lump Sum to legislative and judicial branches.
- OK: Lump sums are generally provided to the Regents for Higher Education. Line items are most commonly to personal services, equipment, and other operating expenses with frequent additional line items.
- OR: Implementing Alternative Program Levels Budget System (APLS), utilizing program decision units.
- VT: Personal service, operating expense, land structures and improvements, and grants are broken out.
- VI: Activity Unit and Line Item.
- WA: Lump sums by agency with provisions for specific activities or programs.

WI: Request; also made by expenditures type (e.g. state operations, local assistance and aids to individuals and organizations).

TABLE J-5

HOW THE SENATE APPROPRIATES ITS OWN BUDGET**

	BUDGET		PRE-AUDIT		POST-AUDIT		UNAPPORTIONED FUNDS:	
	APPROPRIATED AS: SPECIFIC AMOUNT	OPEN- ENDED	POLICY	POLICY	CARRY OVER	RETURN TO TREASURY		
AL	•						•	
AK	•	•		•	•		•	
AR	•		•				•	
CA	•		•		•		•	
CO	•			•			•	
CT*								
DE	•			•			•	
FL	•		•	•			•	
GA								
HI								
IL	•		•	•	•		•	
IN	•		•	•			•	
IA		•	•	•			•	
KY	•		•	•	•		•	
LA	•			•	•		•	
ME*								
MD	•			•			•	
MA								
MI	•		•	•			•	
MN	•			•	•		•	
MO	•			•	•		•	
MT	•			•	•		•	
NE	•				•*	•*	•*	
NH		•	•	•	•		•	
NJ								
NM	•						•	
NY								
NC	•			•			•	
ND	•			•			•	
OH	•		•	•			•	
OK	•			•	•		•	
OR	•		•	•			•	
PA	•		•	•	•		•	
RI								
SC	•			•	•		•	
SD	•						•	
TN	•		•	•			•	
TX	•			•	•		•	
UT								
VT	•			•			•*	
VA	•		•	•			•	
WA	•			•			•	
WY	•			•			•	
DC	•*	•*	•				•	
SW								
CAW	•			•			•	
PR	•			•			•	

*Depend on the language of the appropriations bill.

**Based on information from *Inside the Legislative Process*, American Society of Legislative Clerks and Secretaries in cooperation with the National Conference of State Legislatures, October 1982, p. 66, which has been updated.

TABLE J-5 NOTES

- CT: Appropriation for entire legislature is made to the Joint Committee on Legislative Management. There is no separate specific appropriation for either the House or the Senate. There is a post-audit policy on the JCLM appropriation and unexpended funds are returned to the treasury.
- ME: There is one appropriation made for the entire legislature; separate Senate and House appropriations are not made.
- NE: Depends on the language of the appropriations bill.
- VT: Certain appropriations carry forward as specifically authorized.
- WI: A specific amount is included in the appropriations bill for the House and Senate; however, because the legislature operates on a sum-sufficient basis, the legislature may exceed the appropriation.

TABLE J-6

HOW THE HOUSE APPROPRIATES ITS OWN BUDGET**

	BUDGET APPROPRIATED AS:		PRE-AUDIT POLICY	POST-AUDIT POLICY	UNEXPENDED FUNDS:	
	SPECIFIC AMOUNT	OPEN-ENDED			CARRY OVER	RETURN TO TREASURY
AL	•		•		•	
AK						
AZ	•			•	•	
AR	•		•			•
CA	•		•	•	•	
CO	•			•		•
CT*						
DE	•			•		•
FL	•		•	•		•
GA	•			•		•
HI						
IL	•		•	•		•
IN	•					•
IA		•	•	•		
KS	•		•	•	•	
KY						
LA	•			•	•	
ME*						
MD	•			•		•
MA	•		•	•	•	•
MI	•		•	•		•
MIN	•				•	
MO	•			•		•
MT						
NE						
NH		•	•	•	•	
NJ				•	•	
NM	•					•
NY	•		•	•	•	
NC	•		•	•		•
ND	•			•		•
OH	•		•	•		•
OK	•			•	•	
OR	•			•		•
PA	•		•		•	
RI	•			•	•	
SC	•			•	•	
SD*	•					•
TX	•		•	•		•
TX	•				•	
UT	•			•	•	
VT	•					•
VA	•		•	•		•
WA	•			•		•
WV	•			•	•	
WY	•*	•*	•			•
WY	•			•		•
WY						
WY	•		•	•		•

**Based on information from *Inside the Legislative Process*, American Society of Legislative Clerks and Secretaries in cooperation with the National Conference of State Legislatures, October 1982, p.67, which has been updated.

TABLE J-6 NOTES

- CT: Appropriation for entire legislature is made to the Joint Committee on Legislative Management. There is no separate specific appropriation for either the House or the Senate. There is a post-audit policy on the JCLM appropriation and unexpended funds are returned to the treasury.
- ME: There is one appropriation made for the entire legislature; separate Senate and House appropriations are not made.
- VT: Certain appropriations carry forward as specifically authorized.
- WI: A specific amount is included in the appropriations bill for the House and Senate; however, because the legislature operates on a sum-sufficient basis, the legislature may exceed the appropriation.

APPENDIX

BRIEF DESCRIPTIONS OF
LEGISLATIVE BUDGET PROCESSES
IN 25 STATES

ALABAMA*

BUDGET HEARINGS:

Committee membership for the joint budget hearings consists of the Lieutenant Governor and two of his appointees, the Speaker of the House of Representatives and four of his appointees, fourteen members of the Senate Finance and Taxation Committee and fifteen members of the House Ways and Means Committee. The proceedings cover all phases of the agencies' operations and a written summary is prepared to record the testimony. Committee members consider the agencies' requests, the Governor's recommendations, and summary fact sheets on major agencies prepared by the Legislative Fiscal Office. Quantitative performance indicators are provided to the Committee to justify additional funds, programs, personnel and other needs. The Committee also is provided with historical information that compares previous requests to actual spending.

APPROPRIATION PROCESS:

The Legislature considers one appropriation bill for public education and one general appropriation bill for general state government during the annual budget cycle. The Governor is required to introduce his budget bills within the first five days of the regular session, which extends (30) legislative days within (105) calendar days.

In 1984, voters are scheduled to consider for ratification a proposed Constitutional Amendment that focuses legislative attention on the budgets and is intended to promote their early passage. The proposed amendment would prevent any bill from being transmitted to the opposite chamber until both budgets have been passed and sent to the Governor, except that transmittal of other bills could occur by three-fifths vote of the members present.

The Executive Budget Office is required by statute to provide revenue forecasts, which by custom have been adopted by the Legislature as the "official" forecasts. Revenue forecasts are also provided by the Legislative Fiscal Office and the Center for Business and Economic Research at the University of Alabama.

Though about 88% of all State revenue is earmarked to funds other than the State General Fund, all funds received by the agencies, boards and institutions must first be appropriated by the

APPROPRIATION PROCESS (continued)

Legislature. In practice, however, only monies of the State General Fund and the Educational Trust Fund are appropriated at the full discretion of the Legislature. The recommended funding levels in the Governor's budget bills can be increased or decreased by the Legislature. In recent years, the Governor's budgets were substituted by the respective money committees and were frequently amended further before final passage.

Usually different versions of the two budgets are passed by the two houses and joint conference committees are needed to resolve the differences. The conference committees have full authority to alter features of the bill which have already been agreed upon by both houses. If the Governor objects to the version of an appropriation bill that is transmitted to him, he may veto a bill entirely, veto selective items therein, or offer executive amendments.

PHYSICAL AND STAFF RESOURCES:

The Legislature has six meeting rooms available for conducting committee work. Other physical resources available to the members include computerized bill read-out and bill status and extensive use of word processing equipment in drafting legislation.

The presiding officers of both houses have full-time administrative and clerical staffs to assist them. Major committee chairmen also have administrative and clerical staffs. Others share from a pool of clerical staff.

Alabama's Legislative staff personnel is categorized as follows:

(As of April, 1982)

	<u>Number</u>
Full-time (Approved Positions)	195
Temporary (During Session)	106
Total	301
Professional	124
Other	177
Total	301

Within the above total are 127 employees in the Department of Examiners of Public Accounts who perform the audit function and nine professional and four clerical positions in the Legislative Fiscal Office who provide budgetary and fiscal research.

*Prepared by the Alabama fiscal officer for The Appropriation Processes and Resources of The Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of the The Council of State Governments, October 1982.

ARKANSAS*

BUDGET HEARINGS

The Legislative Council (11 senators and 19 representatives) and the Joint Budget Committee (10 senators and 15 representatives) together serve as the hub of appropriation activity in Arkansas during the pre-session hearings. After the Governor has compiled his budget recommendations into operational budget request manuals, agency officials come before the Legislative Council to justify their budget requests and to answer any other questions concerning their operations. The Council considers the agencies' requests and the Governor's recommendations and refers various budget requests to subcommittees for detailed study; an example being the referral of personnel matters to the Personnel Subcommittee. Audio recordings and a prepared written summary retain such proceedings. The final recommendations of the Legislative Council serve as instructions to the legislative budget staff in the preparation of approximately four hundred appropriation bills for each biennium. The Governor's recommendations, however, are not introduced in the General Assembly as alternate versions of the appropriations bills recommended by the Council.

APPROPRIATION PROCESS:

The practice of having separate appropriation bills for each agency means that members can target their attention on each agency's situation separately, allowing the controversial funding measures to be held up until resolution, while non-controversial measures move freely through both chambers. Voluminous amounts of paper are generated, however, because repetitive language is used.

Included in the four hundred appropriation bills are certain bills for capital expenditures. Though for the most part, there are separate bills for each capital project, several projects for a particular agency might be included in one bill.

Independent forecasts of revenue are provided to the General Assembly by the Executive Office of Budget and the Budget and Fiscal Review Section of the Bureau of Legislative Research.

The General Assembly also adopts a Revenue Stabilization Act that provides funding authority for all agencies using three allotment levels for each fiscal year of the biennium as follows: (1) Allotment Level A represents continued level funding and generally reflects the actual amount that each agency is expected to receive in the preceding fiscal year; (2) Allotment Level B represents expected funding levels that are tied closely to the

APPROPRIATION PROCESS (continued)

more conservative of the two revenue estimates; and (3) Allotment Level C represents expected funding levels that are tied closely to the more optimistic of the two revenue forecasts, and are usually equal to the total shown in the agency's appropriation bill.

When the General Assembly convenes, some of the appropriation bills are introduced in the House and the others are introduced in the Senate. At this point, the appropriation bills are referred to the Joint Budget Committee, which is composed of fifteen representatives and ten senators. The Joint Budget Committee evaluates the appropriation bills and makes a recommendation of Do Pass, Do Pass as Amended, or Do Not Pass. The bills are then referred back to the respective house of introduction; upon passage, they are transmitted to the opposite chamber. When an amendment to one of the bills is proposed, the amendment is referred to the Joint Budget Committee for approval. Since such amendments usually receive approval from the Joint Budget Committee before the full membership considers it, the need for conference committees is virtually eliminated. Upon passage of an appropriation bill by both houses, the bill is sent to the Governor for his signature, veto, or passage without his signature. The Governor may veto line item appropriations, rendering such items void, unless such items are repassed over the executive veto as provided by law.

PHYSICAL AND STAFF RESOURCES:

The General Assembly has eight committee meeting rooms equipped with public address systems and television lighting; audio equipment is shared among such rooms. The General Assembly has a legislative library and extensively utilizes word processing equipment to aid in preparing journals and in drafting and engrossing legislation.

The Speaker of the House has two secretaries and the House Parliamentarian serves as an assistant to him. The President of the Senate has one secretary, while committee chairmen and individual legislators share clerical help.

PHYSICAL AND STAFF RESOURCES (continued)

The Arkansas Legislative staff is categorized as follows:

ARKANSAS LEGISLATIVE STAFF
(As Of August 1982)

	<u>House</u>	<u>Senate</u>	<u>Bureau Of Legis. Research</u>	<u>Legis. Audit Staff</u>	<u>Total</u>
Full Time	6	2	57	161	226
Part Time	1	2			3
Seasonal (During Session - Approx.)	100	55	4		159
<u>Temporary</u>					
 TOTAL	107	59	61	161	388
 Professional	3	3	36	143	185
<u>Support</u>	104	56	25	18	203
TOTAL	107	59	61	161	388
 <u>Finance & Fiscal Committees</u>					
Professional			13	143	156
<u>Support</u>	1		5	18	24
TOTAL	1		18	161	180

*Prepared by the Arkansas fiscal officer for The Appropriation Processes and Resources of the Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of the Council of State Governments, October 1982.

CALIFORNIA

BUDGET HEARINGS:

With the submission of the Governor's Budget, which is required by January 10 of each year, the chairman of the Senate Finance and Assembly Ways and Means Committees each introduce a Budget Bill which contains appropriations to finance the program levels proposed in the Governor's Budget. Throughout the spring, and with the assistance of Committee Consultants and the Legislative Analyst, who prepares a detailed analysis of the Governor's Budget, the fiscal committees of each House of the Legislature hold hearings to determine if changes should be made to proposals included in the Governor's Budget. At these hearings, representatives from the department whose budget is being heard, the Department of Finance, the Legislative Analyst, and the public may be called upon to provide official testimony.

Changes desired by the Administration concerning events occurring after the Governor's Budget is submitted are included in "Finance Letters" addressed to and considered by the fiscal committees.

In mid-May, the Department of Finance updates its estimates of current year and budget year revenues, expenditures (including any final Administration expenditure proposals) and reserves. This provides the Legislature with the most current estimate of resources that will be available for expenditure.

APPROPRIATION PROCESS:

At the completion of all the hearings, each House passes its Budget Bill. A Conference Committee of six legislators is chosen to resolve differences in the two Bills and to incorporate a "Conference Committee Version" into one of the Bills. This Bill is then sent to the floor of each House and, if passed by a vote of two-thirds of the members, is enrolled and sent to the Governor. If it is not passed, a new Conference Committee is formed and the conference process is repeated.

Upon receipt of the Budget Bill, the Governor meets with his advisors to exercise his veto discretion, which permits reducing or eliminating the entire amount of a particular item of expenditure. The Governor then signs the Budget Bill and it becomes the Budget Act. The Legislature may then consider overriding any vetoes the Governor has made and may do so by a two-thirds vote of each House.

At this point, most of the operating budget of the State has been determined. However, it is not until early November that the total budget authorizations are actually known. By then, the Department of Finance has analyzed the cost impact of all other legislation which authorized additional expenditures or changed revenues for a fiscal year.

DELAWAREBUDGET HEARINGS:

The Joint Finance Committee, composed of the Senate Finance Committee and the House Appropriations Committee holds public hearings on the Governor's recommended Budget Appropriation Bill. The General Assembly recesses for approximately six weeks to allow the 12-member committee, six members from each body, to conduct the hearings.

The Office of Controller General works with and assists the Joint Finance Committee during its deliberations. In addition, the Committee is briefed in an orientation session by the Office of Controller General prior to the public hearing on the respective agency/agencies budget(s). The Joint Finance Committee requests that a representative of the Administration be present during the public hearings to answer any questions on proposed and/or adopted policy.

APPROPRIATIONS PROCESS:

The State's fiscal year runs from July 1st to June 30th. The State's operating budget is appropriated annually by the General Assembly. The General Assembly usually convenes from early January to June 30th in its 1st and 2nd sessions. The Governor submits his recommended Budget Appropriation Bill to the General Assembly on or before February 1st. The Constitution requires the Governor to present, and the Legislature enact, a balanced budget. The Joint Finance Committee holds public hearings on the recommended bill and subsequently prepares its own Budget Appropriations Bill for submission on or about May 1st for consideration and action by the General Assembly before June 30th.

Prior to action by the General Assembly on the Joint Finance Committee's Budget Appropriation Bill, the General Assembly adopts a Joint Resolution, which is signed by the Governor, setting forth total estimated General Funds available for appropriation. The General Funds estimate usually consists of a net General Fund revenue figure adopted by the Delaware Economic and Financial Advisory Council plus any estimated unencumbered funds at the end of the fiscal year preceding the effective date of the new operating budget.

The State of Delaware adopted a constitutional amendment on May 1, 1980, which placed limitations on appropriations. Briefly the amendment provided:

- (1) No appropriation or budget act shall exceed 98% of the estimated General Fund revenue for each fiscal year including estimated unencumbered funds remaining from the previous fiscal year;
- (2) Any portion of the amount between 98% and 100% may be appropriated in the event of emergencies with a 3/5's vote;
- (3) Budget Reserve account is established. The excess of any unencumbered funds shall be paid to such account within 45 days from the end of the previous year. The fund shall not exceed in aggregate more than 5% of the estimated general fund revenue for the fiscal year in which the transfer is made;
- (4) The General Assembly may appropriate from the Budget Reserve by 3/5's vote such sums to cover an "unanticipated deficit" or to provide funds as a result of "any revenue reduction enacted".

The Delaware Economic and Financial Advisory Council was established by Executive Order and appointments are made by the Governor. The Council is composed of legislators, Administration, representatives from the private sector such as business and financial institutions, and representatives from the University community. DEFAC considers, discusses and votes on General Fund Revenue estimates for the current and ensuing fiscal years and the current year's estimated expenditure (disbursements). Sub-committees on each revenues and expenditures provide the necessary workshop considerations for DEFAC.

The General Assembly has the right to add, delete, reduce, alter or otherwise amend the Budget Appropriation Bill.

The Delaware State Clearinghouse Committee reviews, approves or disapproves applications from agencies in the State for federal funds. Six members of the Joint Finance Committee and the Controller General are members of the 10-member Committee. This body also acts as the committee to hold public hearings on federal block grant funds.

PHYSICAL AND STAFF RESOURCES:

The Joint Finance Committee utilizes a committee room to hold public hearings on small agencies and the House Chamber for large agencies. The Bill Drafting sessions are held in a Committee room. Infrequently, the Joint Finance Committee has elected to hold public hearings on some agencies at sites other than Legislative Hall in Dover.

The Controller General and a staff of six professional analysts and three secretaries work with and assist the Joint Finance Committee in the performance of its responsibility. In addition, the Office of Controller General does:

- . Receive copies of budget requests from agencies simultaneously as the Budget Office;
- . Participate in the public hearings on agency's requests conducted by the Budget Director;
- . Monitor revenues and expenditures by the State and participate in the DEFAC sub-committees discussions on revenue and expenditures;
- . Prepare fiscal notes on all money bills as well as provide data and information to the General Assembly on fiscal affairs of the state;
- . Makes investigations and performs management reviews as well as answer questions on the State's budget.

FLORIDA

BUDGET HEARINGS:

Committee membership for the budget hearings consist of 35 members of the House Appropriations Committee and 17 members of the Senate Appropriations Committee. The House Appropriations Committee is separable into three subcommittees for budget hearings, and agencies are assigned to the sub-committees according to the following categories: 1. Health and Rehabilitative Services / Criminal Justice, 2. General Government and 3. Education/Transportation. The budget hearings are open to all programs and operations of a department, and each hearing is recorded. Members of the committee receive legislative sub-committee recommendations in addition to the Governor's recommendations and the agencies' requests. Staff of the Appropriations Committees compare previous budget requests with an agency's actual spending pattern in order to monitor their compliance with legislative intent. Quantitative performance indicators are used as a measure for determining an agency's workload, funding requirements and personnel requests; however, these indicators vary among agencies greatly. The agencies' requests include, among other items, additional personnel needed, consultant services, capital expenditures and federal grants.

APPROPRIATION PROCESS:

The Legislature adopts one major annual appropriations bill. This appropriations bill provides for operational and capital funding, except for educational construction, which is authorized by a separate bill. For each biennium agencies submit budget requests to the Governor by November 1st; supplemental requests are usually submitted in the off-year. The Governor, by law, is required to submit his recommended budget at least 45 days prior to the scheduled legislative session. This budget is used by both the Senate and House Appropriations Committees in the development of their budgets prior to the session. During the session, oral presentations of staff recommendations are given for each budget entity.

The State of Florida utilizes a consensus revenue estimating approach. Participants from the House and Senate fiscal committees and the Governor's Budget Office meet and review the economic data and agree on a revenue forecast to be used by all parties. On occasion, the Department of Revenue and certain University Research Groups provide information used in the revenue estimating process. The Florida Constitution requires that the Legislature adopt a balanced budget.

The Legislature has full discretion to increase or decrease the proposed funding recommendations. Usually, committee and floor action on the budget results in the passage of different

APPROPRIATION PROCESS (continued)

versions by each house, leading to a joint Senate-House Conference Committee, whose principal responsibility is to reconcile the differences between each house and develop a budget recommendation. After both houses pass the conference committee's version of the budget, the Governor may either sign it, veto line-item appropriations or reduce appropriations. The Governor may veto restrictive language associated with a line-item appropriation but if he chooses to do so, he must also veto the corresponding line-item appropriation.

After the budget has passed, staff of the Senate and House Appropriations Committees prepare a "Fiscal Analysis in Brief" which details the final version of the budget as passed by the Legislature.

PHYSICAL AND STAFF RESOURCES:

The General Assembly has 11 committee meeting rooms, located in the Capitol and House Office Buildings, for conducting legislative committee work. The meeting rooms are equipped with rectangular tables that can seat up to 20 people with microphones for the legislators, chairs for the audience and podiums for speakers. The Legislature is also aided by a legislative library and a data processing system with features that include legal applications (from bill drafting to code revision), budgetary and fiscal applications, and administrative applications related to the Legislature.

Each senator is assigned an aide and a secretary if desired. In addition, each member of the House is assigned to at least one of 24 standing committees while each member of the Senate is assigned to one of 15 standing committees. Standing committees have secretarial and professional support staff that are available to assist the legislators.

Florida's legislative personnel is categorized as follows:

(As of August, 1982)

Full-Time	843
Temporary	56
Total	<u>899</u>

There were 215 seasonal employees hired during the 1982 legislative session. Of the 843 full-time employees, 52 employees (32 professional and 20 non-professional) are assigned to the Finance and Fiscal Committees.

*Prepared by the Florida fiscal officer for The Appropriation Processes and Resources of The Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of The Council of State Government, October 1982.

GEORGIA

BUDGET HEARINGS:

Committee membership for the budget hearings consist of 21 members of the Senate Appropriations Committee and 48 members of the House Appropriations Committee. Audio recordings retain the proceedings, which can cover all phases of agency operations. The Committees are provided with copies of the Governor's recommendations and also the agencies' requests. The Legislative Budget Office makes recommendations to the Appropriations Committees of the House and Senate based on previous budget requests of the agencies compared to actual spending patterns. Quantitative performance indicators are provided to the Committee to determine the level of staffing and the amount of operating expenses required by the agency to accomplish stated goals.

APPROPRIATION PROCESS:

The Legislature approves at least two appropriations bills during its annual budgeting cycle: a General Appropriations Bill for the upcoming fiscal year and an amended General Bill that makes funding adjustments for the remainder of the current fiscal year. The Constitution requires the Governor to submit to the General Assembly within five days after its convening in regular session each year a budget message and a budget report, accompanied by a draft of a General Appropriations Bill. The General Assembly must pass the Appropriations bill within the 40 days allotted for the general session or reconvene in special session prior to the beginning of the fiscal year.

Estimates of available revenue are provided to the Georgia Legislature by the Executive Budget Office. The Constitution provides that the General Assembly shall not appropriate funds for any given fiscal year which, in aggregate, exceed a sum equal to the amount of unappropriated surplus expected to have accrued in the State Treasury at the beginning of the fiscal year, together with an amount not greater than the total Treasury receipts from existing revenue sources anticipated to be collected in the fiscal year, less refunds, as estimated in the Budget Report.

Upon receiving the funding recommendations of the Governor, the Legislature may increase or decrease the proposed funding levels, except that the amount appropriated cannot exceed the Governor's estimate of available revenue. The budget is considered by the House first and acted upon and then sent to the Senate for its consideration. Differences in the House-passed version and the

APPROPRIATION PROCESS (continued)

Senate-passed version are resolved by a joint conference committee, which generally is limited to resolving points of contention only. After both houses pass the conference committees' version of the budget, the Governor may either sign it, veto line-item appropriations, veto language amendments, or reduce appropriations. The Governor is prohibited from increasing the funding figures to any agency or program.

After the budget has passed, the Legislative Budget Office prepares a booklet which "highlights" the budget by showing continuation figures for each department and new items which were not included in the original bill.

PHYSICAL AND STAFF RESOURCES:

The General Assembly has twenty-four committee rooms for conducting legislative committee work. Each room is equipped with conference tables and chairs while the Appropriations Committee Room is equipped with a podium, seating for presiding officers and separate seating for legislative members and the general public.

Other physical resources include a Legislative Library and a data processing system that supports the General Assembly in performing bill drafting, bill status, statutory retrieval and code revision.

Office space and staff are available for all members of the General Assembly on a shared basis. Individual offices are available for the Speaker of the House, Lieutenant Governor and the President Pro Tem of the Senate with supporting staff for each office.

Georgia's legislative personnel is categorized as follows:

(As of July, 1982)

Full-Time -		Full-Time	160
Professional	51	Part-Time Seasonal	
Non Professional	<u>99</u>	and Temporary	<u>308</u>
Total	160	Total	468

Of the 160 full-time employees, eleven (10 professional and 1 non-professional) are assigned to the Finance and Fiscal Committees.

*Prepared by the Georgia fiscal officer for The Appropriation Processes and Resources of The Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of The Council of State Governments, October 1982.

ILLINOIS

BUDGET HEARINGS

There are two appropriations committees in each house. State agencies which are administrative or regulatory in nature, promote economic development, or oversee capital improvements, are assigned to Appropriations I Committee. Appropriations II Committee hears agency budgets dealing with human services and education. There are 20 members on each Appropriations Committee in the House, and 17 members on each Appropriations Committee in the Senate. State agencies are required by the staffs in each house to submit their budget requests on specific forms. The Appropriations Committee staffs are partisan, but budget information is routinely shared. Each staff analyzes agency budget requests and makes recommendations to their respective members. The analysis becomes the focal point for the actual budget hearing. In the House, amendments adopted in committee become part of the bill. Amendments in the Senate can only be recommended in Committee for adoption by the full Senate on Second Reading.

APPROPRIATIONS PROCESS

Illinois has an executive budget process. No information on the budget for the upcoming fiscal year is available from executive branch agencies until the Governor's budget message is delivered to the legislature on the first Wednesday in March. Appropriations bills must be delivered to the legislative leaders within two legislative days after the budget message. Each state agency has its own appropriations bill, so that about 60 bills are introduced which reflect the Governor's budget recommendations. About 15 appropriations bills are introduced by the Board of Higher Education and the State Board of Education which represent the budget requests for education (there is no cabinet office of education). Appropriations bills may start in either house and are introduced by legislators of the Governor's party after consultation with legislative leaders. An attempt is made to balance the workload of each house. An additional 50 appropriations bills are usually introduced which cover legislative, judicial and other constitutional officers budgets as well as the requests of individual members for new programs or projects.

Committee action cannot begin until the appropriations staffs have been able to analyze the information regarding the budget requests. This usually occurs the beginning of April. Each house traditionally adopts deadlines for action on bills to enable the second house enough time to review legislation. Therefore, appropriations bills are required to be reported out of committee by the end of the second week in May and be passed by the house of origin by the end of May. The second house then has until June 27 to pass appropriations bills and any differences are resolved in conference committee. The annual spring session is scheduled to end on June 30 (with the fiscal year). In order to meet this deadline, the constitution provides that any legislation passed after that date requires a 3/5 majority to take effect immediately (before then it requires only a constitutional majority). The Economic and Fiscal Commission, a legislative agency, provides revenue estimates to the appropriations committees. The constitution requires that the legislature appropriate a balanced budget.

After the legislature enacts appropriations, the bills can be approved or vetoed by the Governor. The Governor can veto a bill completely as well as veto an item or reduce an item of appropriation. Portions of the appropriations bill not vetoed by the Governor becomes law. Vetoes are considered by the legislature in October in the regular fall session (November in an election year).

PHYSICAL STAFF AND RESOURCES

There are 10 meeting rooms available to the House and Senate for committee hearings. Each room is equipped with a sound system with microphones which allows recording. The press must ask permission to record on film or take pictures, but this is routinely granted.

Each member is allotted office space in the capitol complex. All House members not in leadership share secretaries, while most Senators have their own secretary.

The partisan staffs are assigned to the various committees. The staff analyzes legislation for their committee members and also provide any information that their leadership might request. All staff people are appointed by their leader (presiding officer or minority leader). Majority and Minority staffs in each house are allotted equal appropriations. While the presiding officer is responsible for the operations of his chamber, the minority leader is consulted regarding personnel that are assigned (primarily secretaries) to the minority party members.

In addition to the leadership and operations staffs, there are about 50 legislative commissions or service agencies that provide information or service to the General Assembly. These range from large service agencies such as the Legislative Reference Bureau and the Legislative Information System to small, single subject commissions like the Insurance Laws Commission and the Council on Nutrition. Also, as a part of the legislative branch, is the Auditor General, who is selected by the General Assembly for a 10 year term, is responsible for annual compliance audits for each state agency.

The Illinois legislative staff can be categorized as follows:

ILLINOIS LEGISLATIVE STAFF* (As of 11/82)

<u>Organization</u>	<u># of Professional</u>	<u># of Support</u>	<u>Total</u>
House Operations	7	153	160
House Republicans	42	29	71
House Democrats	29	24	53
Senate Operations	4	56	60
Senate Democrats	28	45	73
Senate Republicans	28	36	64
Legislative Commissions	204	115	319
Auditor General	<u>57</u>	<u>18</u>	<u>75</u>
	399	476	875

*Does not include contractual employees.

IOWA

Budget Hearings:

After the General Assembly convenes, the Senate and the House of Representatives hold joint budget hearings covering all of the activities of the various agencies. The budget hearings are conducted by eight joint appropriations subcommittees consisting of five members from the Senate and eleven to thirteen members from the House of Representatives. The members are provided with the agencies' requests, the Governor's recommendations and staff workpapers from the Legislative Fiscal Bureau which show trends in funding and spending. The members are free to question the agencies on all phases of their operations. A written record of the minutes retains the testimony for future reference.

Appropriation Process:

The General Assembly reviews and enacts between ten and fifteen appropriations bills during the biennial budget cycle. There are usually one or two appropriations bills introduced for capital construction. The agencies are required to submit their budget requests to the State Comptroller by September 1 prior to each biennial legislative session; supplemental requests are usually submitted in the off-year. The governor, by law, is required to submit his budget recommendation not later than February 1 of the year of each biennial legislative session.

Independent revenue forecasts are provided quarterly by the State Comptroller and the Legislative Fiscal Bureau Director.

After the budget hearings are held, the appropriations subcommittees make recommendations in bill form to the appropriations committees. The Senate and the House of Representatives hold separate appropriations committees. The Senate appropriations subcommittee chairs are members of the Senate appropriations committee. The House appropriations subcommittee chairs are not always members of the House appropriations committee.

The appropriations committees review the appropriations bills from the eight appropriations subcommittees before they are passed onto the floor for debate. Approximately one-half of the bills are introduced in the House and the remainder are introduced in the Senate. The Legislature has full discretion to increase or decrease the funding levels submitted by the Governor. Differences in the House-passed version and the Senate-passed version are resolved by a joint conference committee. After both houses pass the conference committees' version of the appropriations bill,

the bill is transmitted to the Governor. The Governor's options are to sign the bill, allow passage without his signature, item veto or veto the bill in its entirety.

After the budget has passed, the Legislative Fiscal Bureau prepares an appropriations summary booklet which "highlights" the budget by showing continuation figures for each agency.

Physical and Staff Resources:

The Legislature has eight meeting rooms available for conducting committee work. Each room is equipped with conference tables and chairs. Other physical resources available to the members include computerized bill read-out, bill status, indexing, and extensive use of word processing equipment in drafting legislation.

The presiding officers of both houses have full-time administrative and clerical staffs to assist them. Each legislator has a secretary during the legislative session.

The Iowa Legislative staff is categorized as follows:

	<u>Number</u>
Full-time (approved positions)	95
Temporary (during session)	84
Total	179
Professional	55
Other	124
Total	179

KENTUCKY

BUDGET HEARINGS:

After the General assembly convenes, the Senate and the House of Representatives hold separate and concurrent budget hearings covering all of the activities of the various agencies. The Senate's hearings are conducted by the nine members of the Appropriations and Revenue Committee, but other Senate committees are invited when the hearings relate to the scope of such committees. The House's hearings involve the twenty-one members of the Appropriations and Revenue Committee, and utilizing six subcommittees composed of four Appropriations and Revenue Committee members and three liaison members from related standing committees each, the agencies' requests are considered. The members are provided with the agencies' requests, the Governor's recommendations and staff workpapers from the Budget Review Office which show trends in funding and spending, address agency compliance and generally suggest areas on which agency officials should be questioned. Audio recordings and a written record of the minutes retain the testimony for future reference.

APPROPRIATION PROCESS:

Included in the Budget and Financial Administration Act of the 1982 Session are the following provisions: (1) time tables for the development and submission of agencies' budget requests, for the introduction of respective funding recommendations by the heads and leadership of the three branches of government, and for the submission of tentative and final forecasts of available revenue by the State Revenue Department; (2) provisions which rendered the status of the State's appropriations acts to that of joint budget resolutions, thereby making such resolutions subordinate to statutory law; (3) a Memorandum of Legislative Intent is to be included in each of the funding measures which clarifies the intent of the General Assembly in making its changes in the recommendations submitted by heads of the three branches of government; and (4) to include sections in the funding bills that outline contingency funding provisions in the event of revenue shortfalls and revenue surpluses.

In addition to the official forecast of available revenue developed by the State Revenue Department, a private economic consultant provides the General Assembly with its revenue forecast which helps in the evaluation of the official forecast. After the appropriation bills are referred to the respective appropriations and revenue committees, the recommended funding

APPROPRIATION PROCESS (continued)

bills of the Executive and Judicial branches are usually substituted, while the Legislative funding bill is usually amended. Differences between each chamber's versions of the appropriation bills are resolved in conference committees. Conference committee negotiations first cover resolutions to differences between the two versions of a bill, and secondly cover all content of the appropriation bill. When a funding measure is finally passed by both houses and transmitted to the Governor, his options are to sign the bill, allow passage without his signature, item veto or veto the bill in its entirety.

PHYSICAL AND STAFF RESOURCES:

Ten committee meeting rooms are available for committee work, six of which are equipped for video and audio recording. The members have individual office areas and are supported by a legislative library and a Business Affairs Office, which makes purchases, prepares payrolls and performs general administrative duties. Two other offices worthy of note are the Data Processing Division with capabilities that include statutory retrieval, bill status, bill drafting assistance and journal preparation and the Public Information Office, responsible for media contact and for the preparation of notices and a newsletter.

Presiding officers have permanent clerical staffs and administrative assistants assigned. Committees have at least one permanent secretary assigned. Individual members receive clerical assistance from a secretarial pool.

Kentucky's Legislative personnel is categorized as follows:

(As of August 27, 1982)

Full-Time	196	Professional	113
Part-Time	6	Other	89
Total	202	Total	202

The Legislative Research Commission with personnel included in the above total, is the central body that provides support and assistance to the General Assembly. Budgetary and fiscal assistance is provided through two divisions of the Commission: the Office for Budget Review (twelve professionals and two support employees), and the House's and the Senate's Appropriation and Revenue Committees' staffs (four professionals and one support employee).

*Prepared by the Kentucky fiscal officer for The Appropriation Processes and Resources of The Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of The Council of State Governments, October 1982.

LOUISIANA

BUDGET HEARINGS

Before the Legislature convenes in regular session, the Joint Legislative Budget Committee hears testimony by agency officials concerning their budget requests and other matters related to agency operations. Composed of seventeen members from the House Appropriations Committee and nine members from the Senate Finance Committee, the Joint Committee considers the agencies' requests, the Governor's recommendations and recommendations of the Legislative Fiscal Office. The Fiscal Office staff analyzes past spending, performance indicators, objectives and responsibilities in developing recommended funding levels, and also examines compliance with legislative intent. From the analysis and hearings findings, the Joint Committee makes written recommendations.

When the session begins, the General Appropriations Bill which generally reflects the Governor's recommendations but also shows considerable input from the Joint Legislative Budget Committee is introduced in the House. The budget is then referred to the Appropriations Committee where hearings with agency officials are conducted. Following a favorable committee report and subsequent passage by the full House, the budget moves to the Senate and is referred to the Finance Committee for further hearings testimony.

APPROPRIATION PROCESS:

Annually, the Louisiana Legislature approves four major appropriations bills: the Legislative Appropriations bill, providing funding for all agencies under the legislative branch, the General Appropriations bill which funds all other state agencies, departments and institutions, a capital outlay bill and an ancillary bill for insurance of State property and health insurance coverage.

To insure the fulfillment of legislative intent, strong control language is sometimes included for all agencies (at the beginning of the bill) and selectively for specific agencies.

State law does not provide for the adoption of an "official" forecast of available revenue, but by custom, the Legislature has adhered to the Governor's forecast, prepared by the Executive Office of the Budget. In addition to that forecast, the Legislative Fiscal Office also prepares a revenue forecast that is used for comparative purposes in the evaluation of the Governor's forecast.

APPROPRIATION PROCESS (continued)

Committee and floor action on the budget bills sometimes results in the need for conference committee resolution on the General Bill, but hardly ever requires such resolution on the Legislative Bill. If a conference committee is appointed, the committee has full authority to make changes or to rewrite the budget during its deliberations.

Upon passage, the Governor may sign the bill, allow passage without his signature, veto line items or veto the bill entirely.

PHYSICAL AND STAFF RESOURCES:

The House utilizes five committee rooms and the Senate seven. Senators have separate offices; Representatives share office space. In addition to the Legislative Library, the Senate, and to a lesser degree, the House are served by an effective data processing system that assists in performing administrative functions, fiscal research, budgeting and other functions related to managing the Legislature from bill drafting to code revision. The House of Representatives is currently developing a system of its own.

Presiding officers have clerical and administrative staffs assigned. Clerical staffs are assigned to committees, and other legislative members share clerical help.

Louisiana's Legislative personnel is categorized as follows:

(As of August, 1982)

Full-Time	405	Professional	96
Part-Time	24	Other	333
Total	429	Total	429

Supporting the Legislature in providing budgetary and fiscal research are the Legislative Fiscal Office (fourteen professionals and three clerical) and staffs of the four fiscal committees (eight professionals and eight clerical), included in the above total.

*Prepared by the Louisiana fiscal officer for The Appropriation Processes and Resources of The Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of The Council of State Governments, October 1982.

M A I N E

Budget Hearings

The budget process starts on or before September first of the even numbered years when every department in state government must submit its biennial budget to the State Budget Office. The budget includes requests to fund previously approved programs, new or expanded programs, and capital construction and repair programs. Upon receipt of all budget requests, the Budget Office, using the Governor's guidelines, develops the Governor's Budget Document. The Budget Document, along with legislation to implement, must be submitted to the Legislature by the close of the second week of the first regular session. (In the case of a governor-elect to his first term of office, submission must be made before the close of the sixth week of the session.) The Governor's program not only includes recommended appropriations, but the revenue estimates to support the recommendations, as well.

Appropriation Process

Once the Appropriations bills have been filed, they are referred to the Committee on Appropriations and Financial Affairs. That Committee schedules public hearings for all departments and agencies contained in the budget. These hearings are lengthy and in great detail and require about a month to complete. Upon completion of these hearings, the Committee analyzes all information to determine whether to support the Governor's recommendations or to make changes in the level of funding for the various programs. This process could take as much as two months to complete. Generally, the Committee agrees on a funding package and has a unanimous OUGHT TO PASS report. Due to the lengthy process described above, the appropriations bills are among the last items to reach the floor of the Legislature.

At the same time appropriations bill hearings are being conducted, the Committee hears numerous other bills that require appropriations. All bills requiring funds are monitored by the

(Maine continued)

fiscal staff, and when a bill receives approval by the Legislature it is placed upon what is called "the Appropriations Table". This procedure accumulates all money bills in one place and when it is determined how much money is available to finance additional programs, the decision will be made as to which bills shall be funded. This final decision is made by the Appropriations Committee in conjunction with legislative leadership.

After the Legislature has passed the various bills requiring appropriations, they are sent to the Governor for his signature. The Governor has ten days to either sign a bill or veto it. If the Governor vetoes a bill, it is returned to the Legislature who then has to make the decision of sustaining or overriding the veto. If the Governor fails to sign or veto a bill within the established time frame, it becomes law without his signature.

Physical and Staff Resources

The Legislature has 18 rooms available for conducting committee work. Each room is equipped with desks, tables and chairs, and sound equipment is available upon request. There is a Legislative Law Library, an Office of Legislative Assistants and a Legislative Research Office in addition to the Finance Office. Recent data processing system improvements allow for statutory retrieval, bill drafting, a bill status and indexing system, and fiscal note tracking.

Maine's legislative personnel are categorized as follows:

Professional	- 29	Full Time	- 50
Nonprofessional	- <u>106</u>	Temporary	- <u>85</u>
Total	135	Total	135

MARYLAND

BUDGET HEARINGS:

Committee membership for the budget hearings consists of thirteen members of the Senate Budget and Taxation Committee and twenty-four members of the House Appropriations Committee. The proceedings cover all phases of the agencies' operations and a written summary is prepared to record such testimony. Committee members consider the agencies' requests, the Governor's recommendations, as well as the recommendations of the Legislative Budget Review Staff. Quantitative performance indicators are provided to the Committee to justify additional funds, personnel or capital construction. Recommendations of the Legislative Budget Review Staff frequently show trends in the spending patterns of the agencies by comparing budget requests to actual expenditures.

APPROPRIATION PROCESS:

The General Assembly considers one omnibus appropriations bill for operations and one capital budget bill for all state and school construction during the annual budget cycle. The Governor introduces his budget during the second week of the regular session which extends 90 consecutive calendar days. The operating budget must be enacted before the capital budget passes, and it must pass by the end of the eighty-third day, or the Governor must extend the session up to thirty more days. If an extended session is required, only the operating budget can be considered, which means that an extraordinary session would be necessary to pass the capital budget.

Independent forecasts of available revenue are provided by the Legislature's Department of Fiscal Services, Division of Budget Review and the Board of Revenue Estimates under the Comptroller of the Treasury, but independent of the Governor. However, the Governor can change the Board's estimates. The General Assembly must accept the Governor's estimates as the official estimates of available revenue.

The Constitution limits the General Assembly's ability to alter the Governor's recommendations. The Maryland General Assembly may increase or decrease the recommended funding levels to the Legislative and Judicial branches, but can only decrease the Governor's recommendations for agencies under the Executive branch. This means that the General Assembly cannot reduce the

APPROPRIATION PROCESS (continued)

funds of one executive agency and increase the funds of another, even though the net total does not increase. The General Assembly can only increase the amount available for appropriation by also enacting a revenue measure. The Department of Fiscal Services would develop the estimates for such revenue measures.

Annually, the Senate and the House of Delegates alternate the initial "movement" of the budget bill through its chamber while members of the opposite house study the bill further. Shortly after the Governor's budget is introduced, the members are provided with an extensive briefing paper by the Division of Budget Review that contains revenue forecasts and variances, funding recommendations, historical data on funding, salary increases and other information. The bill is usually amended but cannot be substituted by the committees. Differences in the House-Passed and the Senate-Passed versions are evident by the respective amendments which have been adopted. A joint conference committee may be appointed only to resolve such differences, and no features of the bill which have already been agreed upon by both houses can be changed by the conference committee. Upon passage of the operating budget by both houses, the budget is automatically enacted; it cannot be vetoed by the Governor. The Governor can, however, veto the capital budget in its entirety or selective items therein.

PHYSICAL AND STAFF RESOURCES:

The General assembly has 11 meeting rooms available for conducting Legislative committee work. The larger rooms are equipped with public address systems. Smaller meeting rooms are available to subcommittees and local delegations. Other physical resources available to the members include a Legislative Library, computerized bill read-out and bill status.

The presiding officers of both houses have administrative and clerical staffs to assist them. Committee chairmen also have administrative and clerical staffs, subject to the approval of the respective presiding officers. Senate members have full-time secretaries subject to the approval of the Senate president. House members share clerical personnel during the session and during interim periods.

PHYSICAL AND STAFF RESOURCES (continued)

Maryland's Legislative personnel is categorized as follows*:

(As of July 1, 1982)

	<u>Total</u>
General Assembly:	
Full-time, 180; Contractual, 300;	
Temporary, 350	830
Fiscal Services:	
Full-time, 173; Contractual, 1;	
Temporary, 10	184
Legislative Reference:	
Full-time 70; Contractual, 120	<u>190</u>
Grand Total	1,204

*Most contractual and temporary employed during legislative session.

*Prepared by the Maryland fiscal officer for The Appropriation Processes and Resources of The Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of The Council of State Governments, October 1982.

MISSISSIPPI

BUDGET HEARINGS:

The Budget and Accounting Commission has best been described as the body that "proposes and disposes" the State's budget. The Commission consists of the Governor as Ex-Officio chairman, both presiding officers, four senators and four representatives. Though the Commission is neither fully legislative or executive in nature, it functions primarily during the appropriation process as a Legislative agency. The Commission's hearings cover all facets of agency operations and are retained on audio recordings. Commission members consider the agencies' requests and recommendations of the Commission's staff. From the testimony, research and recommendations, the Commission instructs its staff in the preparation of over two-hundred appropriation bills for consideration. After introduction and referral to the respective appropriations committees, further hearings are held with agency officials.

APPROPRIATION PROCESS:

During the annual budgeting cycle, the Legislature adopts an omnibus budget for institutions of higher education, an omnibus budget for public school grades one through twelve and in excess of 200 other appropriation bills for agencies, institutions and capital spending. Rules of both houses provide for consideration, reporting and passage at times certain, in terms of calendar days.

Forecasts of available revenue are provided to the Commission by the State Tax Commission and by the Mississippi Research and Development Center. Budget Commission staff provides partial estimates and makes recommendations regarding the estimates that are provided to the Commission. The Budget Commission is authorized to adopt the official estimates, and in doing so, recommendations of the Commission's staff weigh heavily in the decision. During the 1982 Regular Session, a Revenue Stabilization Act was passed that provided for the transfer of 25% of each fiscal year's unencumbered balance in the State General Fund to the Stabilization Fund, which can accumulate up to 5% of the previous fiscal year's revenue. The Legislature recently appropriated \$33 million to the Stabilization Fund for the 1982-83 fiscal year.

APPROPRIATION PROCESS (continued)

In committee and on the floors of both chambers, amendments to the appropriations bills are adopted. Passage by both houses usually results in resolution by conference committees. Conference Committees appointed for this purpose have full authority to make necessary changes in the funding measures to reach a compromise.

Upon final passage and transmittal to the Governor, he may sign the bill(s), allow passage without his signature, veto line-items or veto the bill entirely; he can not offer executive amendments.

PHYSICAL AND STAFF RESOURCES:

The State Capitol is currently undergoing renovation and information concerning meeting rooms and office space is unavailable. Data processing equipment is being used for bill drafting, budgeting functions, bill status and indexing. Plans are to add a mini computer as a back-up system for budgeting.

Presiding officers have secretarial staff assigned as well as small administrative staffs. Secretaries are assigned to all committees. Budgetary and fiscal information is provided to the Legislature by the Budget and Accounting Commission staff, consisting of thirty-eight employees (thirty-one professional and seven clerical).

*Prepared by the Mississippi fiscal officer for The Appropriation Processes and Resources of the Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of The Council of State Governments, October 1982.

NEBRASKABudget Hearings

The nine members of the Appropriations Committee hold specific public hearings for each of the state agencies. The Committee receives input from agency representatives and the public on the agency request, Governor's recommendation, and any preliminary committee decisions. During the hearing, the agency is specifically requested to provide testimony regarding issues identified by the Legislative Fiscal Office. These issues summarize (1) requests to increase the continuation budget for reasons other than inflation of costs; (2) requests for new or expanded programs or services; (3) general fund replacement of declining federal or cash funds; and (4) Legislative Fiscal Office alternatives for reducing the continuation budget. The budget hearing is also used to review the agencies' compliance with legislative intent and implementation of new programs previously authorized. Any other legislation referenced to the Appropriations Committee for public hearing that relates to a particular agency or area of service is usually scheduled for hearing in conjunction with the budget hearing.

Appropriation Process

State law provides that all agencies' budget requests be submitted to the Governor's budget staff and the Legislative Fiscal Office by September 15 of each year. On or before January 15, or February 1 during the Governor's first year of office, the Governor's

recommendations are presented in bill form to the Legislature. Within thirty legislative days, the Rules of the Legislature provide for the Appropriations Committee to make a report summarizing their recommended General Fund appropriation for each year of the following biennium. This report includes information based upon the committee's initial review of (1) agency budget requests; (2) the Governor's budget; (3) estimated revenue receipts; (4) General Fund reserve requirement; (5) express obligations; and (6) economic conditions. Based upon this report, the Legislature adopts a resolution which specifically recommends a maximum General Fund appropriation. The Appropriations Committee then drafts an appropriation bill reflecting their recommendation for each agency within the total appropriation included in the resolution.

The Appropriations Committee recommendations are then debated by the full Legislature and may be amended by majority vote of the elected members. The Governor has line item veto authority and may reduce any number in the appropriation bill. After the Governor's line item vetoes are returned, the legislative rules provide for the Appropriations Committee to report to the Legislature the fiscal implication and affect on operations of the vetoes. A three-fifths vote is required to override any line item veto.

Physical and Staff Resources

The Unicameral Legislature has seven committee hearing rooms that seat from 50 to 130 persons. These rooms are equipped with dual

cassette recording equipment and sound systems. The central research staff maintain a legislative library. Data and word processing is used for bill drafting, journal preparation, indexing and other applications.

All senators are authorized one full-time administrative aide and one full-time legislative aide. In addition, most standing committee chairmen are also authorized one committee clerk and one research or legal counsel.

The full-time equivalent personnel authorized by the Legislative Council are categorized as follows:

Legislative Services	65.5
Clerk of the Legislature	40.7
Legislative Research Services	83.2
Revisor of Statutes and Bill Drafting	14.5
State Ombudsman	5.6
Legislative Fiscal Office	<u>17.75</u>
Total	227.25

NEVADA

Budget Hearings

Legislative committee membership includes thirteen members on the Assembly Ways and Means Committee and seven members on the Senate Finance Committee. The proceedings cover all phases of the agencies' operations and a written record is prepared to record the testimony. Committee members consider the Executive Budget which includes the prior year's actual expenditures, the current year's work program, the agency biennial requests and the Governor's recommendations. The budget review is by line item. The committee members also receive budget highlights and quantitative performance indicators and subcommittees are occasionally used for more detailed review of budget requests and agency operations. The legislature approves one general appropriations bill, one general authorizations bill for non-general funds, one capital improvements bill, one bill for school support and numerous other special appropriation bills for the biennial budget cycle. The Governor is required to introduce his budget within the first 10 days of the regular session which normally runs around 100 days. The executive Budget Office is required by statute to provide revenue forecasts as is the legislative Fiscal Analysis Division. The Constitution requires that the legislature approve a balanced biennial budget. Revenue forecasts may be revised during the legislative session due to more current data.

After receiving and evaluating the recommendations of the executive branch, fiscal staff and others, the Senate Finance Committee and the Assembly Ways and Means Committee independently approve or modify each agency budget. Near the end of the session the two committees meet jointly to negotiate any differences between their respective actions on the various budgets. When all differences have been resolved, one committee will report the General Appropriation Act to the floor and the other committee will report the General Authorization Act. Other appropriation bills may be reported by either committee. The Governor has no item veto in Nevada, therefore, he must either accept or reject the appropriation bills as approved by the legislature.

After the budget has passed, the Fiscal Analysis Division prepares an appropriations report on the content of the budget and on changes made in the Governor's Recommendations.

Physical and Staff Resources

The Nevada Legislature is housed in its own building one block from the State Capitol Building which houses elected executive officials. The Legislative Building includes 10 committee rooms.

Each committee chairman has one or more secretaries and each house of the legislature has a secretarial pool during the legislative session. The legislature also utilizes a small central permanent staff. Bill drafting is automated using a text processing system that interfaces with the State Printer for the printing of bills, resolutions and fiscal notes.

Assistance is provided to the Assembly Ways and Means Committee, the Assembly Taxation Committee, the Senate Finance Committee and the Senate Taxation Committee by the Legislative Fiscal Analysis Division. The division consists of six professional and three clerical positions.

NEW MEXICO

BUDGET HEARINGS:

The Legislative Finance Committee, composed of four senators and four representatives, holds budget hearings from September through December and develops independent recommendations for the state budget with no input from the Governor's budget staff. During the session the recommendations of both the LFC and the Governor's staff are presented to the House Appropriations and Finance Committee. In the Senate, there are no formal presentations, and the Senate Finance Committee primarily reacts to House action and makes its desired amendments.

APPROPRIATION PROCESS:

The state budget is included in an annual General Appropriations Bill, but funding for new programs and projects can be obtained via special legislation. The general act also contains deficiency and special appropriations for the current fiscal year. Since the adoption of a joint rule in 1981, a specific schedule of enactment must be followed for the General Appropriation Bill. This is designed to put the bill on the Governor's desk early enough to force action by the Governor prior to the adjournment of the session.

Revenue estimates are provided to the legislature by the Department of Finance and Administration. However, the staff of the LFC closely monitors the development of the estimates. Deficit spending is constitutionally prohibited.

Differences in House and Senate versions of the general bill are annually resolved in a joint conference committee, which is typically limited to resolving points of contention. If no agreement can be reached however, a second, and "open" conference committee may be appointed. This committee can rewrite the entire bill. After adoption of the conference committee's version of the budget, the Governor may sign it and/or "line-item" veto language in the bill. The Governor cannot change appropriations.

After the budget has passed, the Legislative Finance Committee prepares "letters of intent" describing the detail which is behind the total appropriations figures. These are sent to all agencies.

PHYSICAL AND STAFF RESOURCES:

The Senate utilizes four committee rooms for seven standing committees and the House utilizes six rooms for 12 regularly scheduled standing committees.

The leadership of both houses have individual offices and most committee chairmen have an office adjacent to the committee room. Other legislators share "suites" of offices with a common secretarial pool. The legislature is served by a computerized Legislative Information System which tracks all bills in a session via some 20 to 30 different listings. Bills are tracked by "appropriations bills", "revenue bills", "all bills alive", "bills which have passed one house", etc.

As shown in the table below, the only full-time staff of the legislature exists in three permanent interim committees. All other staff are hired for the session only. The leadership of both houses have clerical and some administrative staff during the session and clerical staffs are assigned to committees. Some committees, like House Appropriations and Senate Finance, also have limited administrative staff. All other members share clerical staff.

NEW MEXICO LEGISLATIVE STAFF:

	House	Senate	Legislative Finance Committee	Legislative Council	Legislative Education Study Committee	Total
Full-Time	-0-	-0-	14	25	4	43
Seasonal	100*	100*	2	25*	0	227

* Approximate figures; varies from year to year.

CRP/prd

NORTH CAROLINA

BUDGET HEARINGS:

Initial budget hearings are conducted prior to the session by the twelve member Advisory Budget Commission, composed of four appointees of the Governor, the Lieutenant Governor and the Speaker, respectively. This Commission hears testimony by agency officials and considers the recommendations of the Division of State Budget, under the executive branch. The Commission approves a set of proposed expenditures to be listed in the biennial appropriation bill for operations.

Despite the composition of the Commission, the process to this point mainly involves the executive branch, until identical appropriation bills are introduced in both houses. Hearings are then conducted by the joint membership of the House and Senate Appropriations Committees, a total of eighty-five members. One-half of the membership of both houses serve on the respective Appropriations Committees. The proceedings cover all phases of the agencies' operations and are retained by a written summary as well as by audio recordings. Members of the committees receive legislative committee recommendations in addition to the Governor's comparisons of actual spending to previous budget requests as part of an incremental budgeting process, and also to determine the extent to which the agencies followed legislative intent. Quantitative performance indicators are used to determine the need for additional funds or to indicate where the budget can be reduced.

APPROPRIATION PROCESS:

The General Assembly reviews a single budget and usually enacts two main appropriations bills, one for operations and one for capital construction. There is not a formal timetable for introduction, consideration or passage of the budget, but the Legislature generally completes action on the budget just prior to the beginning of a new fiscal year which begins July 1.

In addition to conducting the hearings, the Joint Appropriations Committee refers agencies, generally along functional lines, to smaller joint subject matter appropriations committees. These committees meet, study and recommend base budget funding, which generally reflect maintenance of existing levels of services and expansion budget funding, which generally represents new and/or expanded services.

Revenue forecasts are provided prior to the session by the Division of Budget and are later provided during the session by the Fiscal Research Division. Towards the completion and submission of recommendations by the subject matter committees,

APPROPRIATION PROCESS (continued)

the Fiscal Research Division, with additional months of revenue data available, submits a revised revenue forecast that is generally higher than its previous forecast. This forecast best reflects the estimate of available revenue that is adopted by the Joint Appropriations Commission and adhered to during the remainder of the process.

After receiving and evaluating the recommendations of the subject matter committees, the Joint Appropriations Committee reports its version of the appropriation bill to the floors of both chambers. On the floors, amendments can be adopted, but in practice, the bill is not amended extensively. Action on the budget by both houses usually results in a joint conference committee being appointed to resolve what by now are relatively "minor" differences in the two versions of the bill. After passage of the conference committee's version of the budget bill, the budget becomes final since the Governor has no veto power over the adopted budget, but does have considerable discretion in administering the budget. Soon after the budget is passed the Fiscal Research Division prepares a report on the content of the budget and on changes made in the Governor's recommendations.

PHYSICAL AND STAFF RESOURCES:

The General Assembly has twenty-six meeting rooms available for conducting legislative committee work. Each room is equipped with tables and chairs and the new Appropriations and Finance Rooms each have microphones. The Legislature also has a new Legislative Office Building.

Each Legislator has a secretary during the legislative session and many of the Chairmen have permanent secretaries. The President of the Senate and the Speaker of the House have their own secretarial staffs.

North Carolina's legislative personnel is categorized as follows:

(As of August, 1982)

Full-Time	
Professional	50
Non-Professional	50
Total	100
Full-Time	100
Seasonal (Session)	350
Temporary	25
Total	475

Of the 100 full-time employees, twenty-three employees (20 professional and 3 non-professional) are assigned to the Finance and Fiscal Committees.

*Prepared by the North Carolina fiscal officer for The Appropriation Processes and Resources of The Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of The Council of State Governments, October 1982.

NORTH DAKOTA

by

Chester Nelson, Jr.
Legislative Budget Analyst and Auditor
Legislative Council

The North Dakota Legislative Assembly has 53 senators and 106 representatives who meet biennially in an 80-day session. The biennial budget is contained in 78 bills, divided and alternated biennially for introduction between the houses. There are separate Appropriations and separate Finance and Taxation Committees in each house. In addition to concerted interim fiscal and audit studies, an overview of the budget picture is presented during the formal organizational session that occurs in early December. Fiscal staffing is provided by the Legislative Council staff, performing both budget analysis and selected auditing functions.

LEGISLATIVE SESSIONS

The legislature convenes no later than January 8 of odd-numbered years for the regular 80-day session. This is in addition to the short, constitutionally required organizational session held in December following the election (Art. 4, Sec. 22). Leaders are formally elected and standing committees are appointed. The legislature is able to and does begin full speed operation on the first day of the regular session. Special sessions may be called only by the Governor.

CONSTITUTIONAL RESTRICTIONS

The constitution stipulates that the "general" appropriations bill shall contain nothing but the appropriations for the expenses of the executive, legislative, and judicial branches of state government, interest on the public debt, and for public schools; the "executive" category relates to all elected constitutional offices (e.g., Insurance Commissioner) rather than the entire executive branch. All other appropriations have to be made by separate bills, each embracing a single subject (Art. 4, Sec. 36).

The constitution also appropriates the necessary funds required for the operation of specified state-owned enterprises such as the Bank of North Dakota. Constitutionally appropriated are funds required for the payment of losses from several state funds such as the State Hail Insurance Fund, and the State Fire and Tornado Fund, as well as funds for other specified state obligations and investments (Art. 10, Sec. 12).

A proposed constitution drafted by the Constitutional Convention was rejected by the voters in 1972.

COMMITTEE STRUCTURE

Each house has an Appropriations Committee. The Senate Appropriations Committee consists of 14 members while the House Appropriations Committee has 21 members [Senate Rule 501; House Rule 501]. These are the largest standing committees in each house. The rules of both houses prohibit the members of the Appropriations Committee from serving on any other standing committees [Senate Rule 503; House Rule 503]. The Appropriations Committees in both houses make some use of subcommittees, but generally, these are used on an ad hoc basis for information-gathering purposes. The usual size of the subcommittees, when used, is approximately three members, although the size varies.

Each house has a Finance and Taxation Committee to review revenue measures. The Senate committee consists of eight members and the House committee has 17 members [Senate Rule 501; House Rule 501]. Finance and Taxation Committee members in both houses are not prohibited from holding other standing committee assignments. Subcommittees are not generally used.

The post audit function is covered under "Interim Activity" below, together with the interim Budget Review Committee and Finance and Taxation Committee.

STAFF STRUCTURE

The Legislative Budget Analyst and Auditor and four professional assistants serve as nonpartisan staff to both the House and Senate Appropriations Committees. This position was established by statute in 1965 (Section 54-35-12, NDCC). The Legislative Budget Analyst and Auditor also staffs the Legislative Audit and Fiscal Review Committee. The Legislative Budget Analyst and Auditor is appointed by the Legislative Council and is formally a part of the Council staff which, under the director, also provides research, bill drafting, and committee services to the legislature.

The services provided by the Legislative Council include (1) budget bill analysis; (2) budget bill summaries; (3) fiscal notes; (4) legislative overview; and (5) other functions provided by the Legislative Council through the Legislative Budget Analyst and Auditor which include staffing interim committees such as the Legislative Audit and Fiscal Review Committee and the special interim committees on budget review of the Legislative Council.

The Appropriations Committees by motion ask the Legislative Budget Analyst and Auditor to work on the budget. The staff reports to the legislature, but its main purpose is to assist the legislature in analyzing and amending the Governor's budget.

The two Finance and Taxation Committees do not have their own full-time professional staff and rely on the Legislative Council and the Tax Department for necessary staff services. Legislative aspects of post auditing are reported under "Interim Activity."

PRESESSION ACTIVITY

The three-day organizational session in December (see above "Legislative Session") also includes orientation of new members, a preview of budget issues, and summaries of the Legislative Council reports and recommendations which are finalized about two weeks earlier (see "Interim Activity" below). Bills are prefiled.

Prior to the organizational session the executive and legislative staff begin budget preparation. By statute the Legislative Budget Analyst and Auditor is required to attend all executive budget hearings and is given access to all budget information submitted to the executive budget officer and to all studies carried on by him (Section 54-35-14, NDCC). The Legislative Budget Analyst and Auditor receives a copy of the agency budget requests at the same time as the executive budget agency. The agencies have to submit their budget requests to the executive budget agency by July 15.

After the executive budget hearings, the Office of Management and Budget, whose director is the budget officer, prepares the Governor's budget along with the budget bills. The revenue estimates, which are included in the budget document, are also prepared by the Office of Management and Budget.

The statutes provide for submission of the budget to the legislature in two phases. First, the Governor's budget and revenue proposals have to be presented in acceptable form by the budget director to the Budget Section of the Legislative Council by early December preceding the session of the legislature (Section 54-44.1-07, NDCC). Second, the printed budget document has to be transmitted by the Governor to the rest of the legislature no later than three days after the start of the legislative session (Section 54-44.1-08, NDCC). Approximately 78 budget bills are submitted along with the budget information in December and are prefiled and introduced in both houses simultaneously.

SESSION ACTIVITY

Bill Format. There are about 78 appropriations bills used for the budget. Major objects of expenditure are used and the bills are cross-indexed to the Governor's budget document. About 50 percent of the total budget is in earmarked funds, but the legislature reviews this area and control is similar to general fund moneys.

Legislative Intent. Intent language is included in the bills, with language drafted by the fiscal and legal Council staff as directed.

Fiscal Notes. The Joint Rules provide that all bills and resolutions introduced in either house with a fiscal impact of over \$5,000 must have a fiscal note attached. Amendments to bills or resolutions having a fiscal impact of over \$5,000 must have a fiscal note attached upon request of the chairman whose committee is considering

the bill or upon request of a majority of the members of the house in which the bill is being considered [Joint Rule 501]. The agencies collecting or spending the revenues involved are required to prepare the fiscal note within five days of the request. The initial determination of whether a fiscal note is necessary is made by the Legislative Council staff. Legislation is reviewed for fiscal impact on a selective basis by the legislative fiscal staff. (A fiscal note on every cost bill would require more than the existing professional staff.) The fiscal note contains the cost involved and the proposed sources of financing.

Flow of Legislation. As indicated above under "Presession Activity," the legislature is ready to work on the formal budget on convening day. The two Appropriations Committees begin required five-day-a-week (8:00 a.m. to noon) hearings [Senate Rule 504; House Rule 504] which continue virtually without pause until the end of the session. Although all 78 bills are filed in each house, initial introduction is divided and the bills in question alternate each biennium.

On Wednesday of each week, with respect to the Senate standing committees which meet on Monday through Wednesday, and on Friday of each week, with respect to the Senate Appropriations Committee and the committees which meet on Thursday and Friday, each chairman must deliver to the Secretary of the Senate a notice of the time and place of the meetings of his committee for the following week including a list of the bills and resolutions to be considered. The secretary must then post this notice [Senate Rule 506].

On Wednesday of each week, with respect to House standing committees which meet on Monday through Wednesday, or on Friday of each week, and with respect to the House Appropriations Committee and those House standing committees which meet on Thursday and Friday, each chairman must deliver to the House Chief Clerk a notice of the time and place of the meetings of his committee for the following week, including a list of the bills and resolutions to be considered. The Chief Clerk must then post this notice [House Rule 506].

The general format of the Appropriations Committee hearings in both houses is to have the agencies explain their budget requests. The Legislative Budget Analyst and Auditor or his assistants attend the hearings and occasionally make comments or suggest questions to the committees. The executive budget analysts also attend both Appropriations Committees. The executive and legislative staffs have not assumed adversary roles in the legislative budget hearings. Both Appropriations Committees try to examine the entire budget but in practice the appropriations bills are examined in more detail in the house of origin.

Informal coordination procedures between the House and Senate Appropriations Committees include meetings between the two chairmen; meetings between chairmen and leaders; and occasional meetings between the subcommittees. Also, the Legislative Budget Analyst and Auditor staffs both Appropriations Committees and consequently is able to assist either committee in explaining the other committee's intent.

Special appropriations bills are not required to await budget passage. The rules of both houses provide that all bills carrying appropriations of \$5,000 or more must be referred or rereferred to the Appropriations Committee before final house action [Senate Rule 326; House Rule 326].

The format of the Finance and Taxation Committee hearings is similar to those of the Appropriations Committees except that the amount of outside testimony heard is less than that heard by the Appropriations Committees. As mentioned previously, both Finance and Taxation Committees rely on staff services provided by the Tax Department and the Legislative Council. The Finance and Taxation Committees are required to meet three days a week [Senate Rule 504; and House Rule 504].

Although there is no formal procedure for coordination of revenue and appropriations bills, informal coordination does take place in each party's caucus and leadership.

Prior to floor consideration, the appropriations bills are discussed in a closed caucus held separately in each house by each party. During these discussions, legislative fiscal staff does not attend. The caucus, which plays a major role, facilitates coordination between the appropriations and revenue bills.

There are deadlines for floor consideration of bills, other than appropriations bills, in both houses. The length of floor consideration of the appropriations bills varies. For a major bill, such as the one appropriating funds for higher education, floor consideration may take up to three hours. The appropriations bills are handled on the floor by the Appropriations Committee member who is most knowledgeable on the particular bill under consideration. The amount of debate on the appropriations bills varies but it is seldom very extended. In the Senate, bills can be amended from the floor while in the House amendments from the floor are prohibited, and the bill is returned to committee for amendment [Senate Rule 328; House Rule 328]. The legislative fiscal staff does not provide on-floor consultation during debate of the appropriations bills.

Interhouse differences on the appropriations bills are settled in conference committee. Traditionally, the committee consists of six members, three from each house. Customarily, the conference committee members are from their respective Appropriations Committees, although other legislators may be appointed.

Use of Computers. Electronic data processing techniques are used in providing support information on the appropriations and revenue bills as well as bill status information. The support information provided consists of data showing the effects of specific legislative actions on existing (proposed) budget totals so that the impact of any given decision will be known either beforehand or as soon as taken.

INTERIM ACTIVITY

The 15-member Legislative Council (Section 54-35-01, NDCC) is the governing body for all interim work. Each party submits a list of nine names from which the members are chosen. The statutory scope is that "upon which the legislature may legislate" Members of the many interim committees are drawn from the entire legislature. The various committees work during the long interim and complete their reports for presentation to and action by the Legislative Council by the November meeting prior to the biennial December organizational meeting of the legislature.

The special joint interim Budget Section of the Legislative Council, mentioned previously, varies in size but consists of members from both Appropriations Committees and other legislators. In 1981 the committee was composed of 38 members and often is split into as many as three committees ("A", "B", etc.) to cover all the areas deemed necessary. This committee meets during the interim for special studies and also during the first part of December preceding the legislative session and spends about a week listening to the executive budget office explain the Governor's budget. The committee is staffed by the Legislative Budget Analyst and Auditor.

There is a separate interim Finance and Taxation Committee assisted by another Legislative Council staff member.

The post audit function (whether funds appropriated were spent in accordance with the law) is performed by a constitutionally elected State Auditor (Art. 5, Sec. 12). The audit reports submitted by the State Auditor are examined by the Legislative Audit and Fiscal Review Committee, a committee of the Legislative Council chaired by the Lieutenant Governor. This committee was established for the purpose of ensuring that state funds are spent in accordance with law and legislative intent (Section 54-35-02.1, NDCC).

OKLAHOMA

BUDGET HEARINGS:

Committee membership for the budget hearings consist of 15 members of the Senate Appropriations Committee and 30 members of the House Appropriations and Budget Committee. The budget hearings are open to all programs and operations of an agency, and a staff report is prepared for each hearing that includes a fiscal analysis sheet. The agencies' requests are considered during the budget hearings as well as the Governor's recommendations and legislative sub-committee' recommendations. In addition to line-item expenditures, the agencies' requests include amounts requested for capital expenditures, additional personnel and some program expenditures. Quantitative performance indicators are provided on a limited basis to measure performance of agencies under various funding levels.

APPROPRIATION PROCESS:

The Legislature reviews and enacts between 85 and 90 appropriations bills during the budget cycle. Approximately one-half of the bills are introduced in the House and the remainder are introduced in the Senate. There are usually one or two appropriations bills introduced for capital construction. The agencies are required to submit their budget requests to the Executive Budget Office by September 1. The Governor submits his budget recommendation by the first day of the session, which is the first Tuesday after the first Monday in January of each year.

Estimates of available revenue are provided to the Oklahoma Legislature by the State Board of Equalization, as provided for by the Consitution. The Constitution sets forth a formula for determining the amount of funds available; the Board of Equalization must certify the lesser of that derived by the formula or that of an itemized estimate. The Constitution also requires that the State Board of Equalization certify available revenue not more that 45 days or less than 35 days prior to the convening of each session of the Legislature. The Oklahoma Constitution requires that the Legislature adopt a balanced budget.

The Legislature has full discretion to increase or decrease the funding levels submitted by the Governor. The Senate Appropriations Committee and the House Appropriations and Budget Committee pass their own versions of the budget. After the budget

APPROPRIATION PROCESS (continued)

bills are passed on the floor of the House and Senate, a joint conference committee is appointed to reconcile the differences between each house and develop compromise budget recommendations. The Conference Committee submits its report to each house and final action on the budgets is taken. After both houses pass the budgets, the Governor has the authority to veto line-item appropriations, but does not have the authority to reduce or increase any appropriations. After the budget is enacted, the Executive Budget Office prepares a schedule of appropriations which reflects the budget's final version.

PHYSICAL AND STAFF RESOURCES:

The Legislature has 12 meeting rooms available for conducting legislative committee work. Each room is equiped with tables and chairs recording equipment is available upon request. The Legislature is aided by a library for legislative reference. The library is a branch of the Department of Libraries. The Senate is aided by a computerized bill status and indexing system. Also under the Legislature is computer capability for bill drafting, statutory retrieval, and code revision.

Oklahoma's legislative personnel is categorized as follows:

(As of April 30, 1982)

Professional	139
Non-Professional	208
Total	<u>347</u>
Full-Time	141
Part-Time(Session)	206
Total	<u>347</u>

Of the 141 full-time employees, 27 employees (21 professional and 6 non-professional) are assigned to the Finance and Fiscal Committees.

*Prepared by the Oklahoma fiscal officer for The Appropriation Processes and Resources of The Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of The Council of State Governments, October 1982.

SOUTH CAROLINA

BUDGET HEARINGS:

The Budget and Control Board (B & CB) composed of the Governor, State Treasurer, Comptroller General and Chairmen of the House Ways and Means and the Senate Finance Committees, conducts the budget hearings and members of the General Assembly's two money committees attend and participate. The B & CB is supported by a staff that analyses the agencies budget requests and makes recommendations. The scope of the hearings are open and the proceedings are retained in a written summary and on audio recordings. After consideration of the agencies' requests, staff recommendations and the testimony, the B & CB instructs its staff to prepare an annual appropriation bill for introduction in the House of Representatives.

APPROPRIATION PROCESS:

The forecast of available revenue is prepared by the Board of Economic Advisors and is reported to the B & CB and the General Assembly. The economic advisors are the Chairman of the Tax Commission, the Director of the Statistics Division of the B & CB staff, the State Economist and an at-large appointee of the Governor, usually from the academic community. Together, the advisors arrive at a forecast that must be approved by the B & CB, House Ways & Means Committee, and Senate Finance Committee as the official forecast.

Upon introduction, the bill is referred to the House Ways and Means Committee where agencies are referred to subcommittees for study and further hearings, if needed. Committee and floor action usually results in an amended version that is transmitted to the Senate. In the Senate, the bill goes to the Finance Committee where subcommittees again study the contents and report to the full committee. Agency officials are sometimes granted opportunities to be heard by the full Finance Committee. The versions passed by both houses usually requires resolution by a conference committee. The conference committee's powers are usually "limited" to resolving differences between the versions passed by both chambers, but can receive "full" powers to rewrite the bill as much as necessary to reach a compromise with two-thirds vote of both houses. After passage and certification by the State Auditor that the budget is balanced, the bill is transmitted to the Governor. If he has objections to the bill he may veto line items or veto the bill entirely; he cannot offer executive amendments.

APPROPRIATION PROCESS (continued)

When the Legislature is not in session, the B & CB also plays an important role in the event of revenue shortfalls. The B & CB will generally make the shortfall(s) apply uniformly and equitably to all agencies, but selective exemptions can also be granted.

PHYSICAL AND STAFF RESOURCES:

Each standing committee has a general hearing room equipped with public address and television lighting equipment. The General Assembly utilizes word processing, telephone dictation, and visual aid equipment in carrying out its duties. The Senate is currently developing a data processing system; the House's system currently has capabilities that include statutory retrieval and status reports on capital projects, but other capabilities are forthcoming. All members have private offices assigned.

The presiding officers have clerical and support staffs. Certain committees have research staffs and all have clerical help assigned. Senators share clerical help at a ratio of one secretary per two senators. Members of the house share clerical help from a pool year round.

Fiscal assistance is provided to the General Assembly from the following sources under the Legislative Branch: (1) the House Ways and Means Staff (eight professionals and two clerical) (2) Senate Finance Committee Staff (one professional and two clerical) (3) Senate Research Staff (one professional and one clerical).

*Prepared by South Carolina for The Appropriation Processes and Resources of The Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of The Council of State Governments, October 1982.

TENNESSEE

BUDGET HEARINGS:

The twenty-seven member House Finance, Ways & Means Committee conducts its own budget hearings with the larger departments of state government while the nine member Senate Finance, Ways & Means Committee assigns the budget to the appropriate standing committee for their study and recommendations. The House Finance, Ways & Means Committee hearings are open to all programs and operations of a department, as well as its budget, and each hearing is recorded. In addition to the Governor's recommendation, the members consider the departments' requests and the legislative committees' recommendations. Quantitative performance indicators are provided to members of the committee so they may become knowledgeable about the operations of the departments and, infrequently, to determine priorities. The agencies' requests include additional personnel needed, salaries, other expenditures (travel, equipment, etc.), data processing costs and estimates of each revenue source, including federal revenue.

APPROPRIATION PROCESS:

The General Assembly adopts one major appropriation bill, including capital expenditures from current funds, during its annual budgeting cycle. Capital expenditures from bond funds are adopted by separate acts authorizing the bond issues. The Governor, by law, is required to submit his budget recommendations to the General Assembly by February 1 of each year unless the General Assembly, by joint resolution, authorizes a later transmittal. However, in the first year of a governor's term, he has until March 1 to submit his budget recommendations.

After the Governor submits his budget recommendations to the General Assembly, the Department of Finance and Administration develops an appropriation bill which reflects a line-item spending level for each department in state government. Historically, the leadership of the Governor's party affiliation and the Finance, Ways & Means officers serve as sponsors of this bill, and the bill is introduced by them.

The Department of Finance and Administration provides the official revenue forecast to the Legislature. Assistance in developing the revenue forecast is provided by the Department of Revenue and the U.T. Center for Business and Economic Research which uses an econometric model to forecast state revenues. The legislative fiscal staff provides a revenue forecast to the Legislature upon request.

The Tennessee Constitution requires that the Legislature adopt a balanced budget.

APPROPRIATION PROCESS (continued)

The Legislature may increase or decrease the Governor's proposed funding recommendation. The Senate and House Finance, Ways & Means Committee each pass different versions of the budget and it is then referred to the Senate and House floors. Each house passes different versions of the budget, and it goes to a joint Senate-House Conference Committee, whose principal responsibility is to reconcile the differences between each house and develop a compromise budget recommendation. The Conference Committee submits its report to each house and then each house takes final action on the budget. After both houses pass the budget, the Governor has the authority to veto or reduce line-item appropriations only. After the budget is enacted, the Department of Finance and Administration prepares revised work programs for each agency of the State which reflects the budget's final version.

PHYSICAL AND STAFF RESOURCES:

The General Assembly has five committee meeting rooms available for conducting legislative committee work. The House uses three of these rooms which are equipped with desks and microphones for members and will seat approximately 50 spectators each. The Senate uses one large room, which may be sub-divided by a moveable partition, with desks and microphones for members and will seat approximately 200 spectators. One room is a joint committee room with microphones for each member and will seat approximately 225 spectators. The Senate Committee Room and the Joint Committee Room have sound proof, glass-enclosed press galleries to accommodate approximately 10 members of the press and has extra lighting for T.V. filming. The Legislature is also aided by the legislative library, a computerized bill status and indexing system and a print shop.

The presiding officers share staff with the committee chairman. Individual legislators who are not officers of committees have a shared secretarial staff; the Senate ratio is 1 secretary per 2 and 1/2 senators.

Tennessee's legislative personnel is categorized as follows:

(As of August, 1982)

Professional	52	Full-Time	150
Non-Professional	<u>109</u>	Temporary	<u>11</u>
Total	161	Total	161

Of the 161 employees, thirteen (10 professional and 3 non-professional) are assigned to the finance and fiscal committees.

*Prepared by the Tennessee fiscal officer for The Appropriation Processes and Resources of The Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of The Council of State Governments, October 1982.

TEXAS

BUDGET HEARINGS:

Shortly after the agencies' requests are submitted, an initial hearings process is conducted jointly by the staffs of the Legislative Budget Board (LBB) and the Budget and Planning Office under the Governor. The LBB staff uses the information given during the hearings along with further analysis of the requests to develop budget recommendations which are submitted to the LBB. The LBB composed of the Lieutenant Governor, the House Speaker, Chairmen of the House's Appropriations and Ways and Means Committees, Chairmen of the Senate's Finance and State Affairs Committees and two other appointed members from each chamber, drafts an omnibus biennial appropriation bill that is introduced in both houses.

Upon referral of the bill to the Senate Finance Committee and the House Appropriations Committee, the second phase of budget hearings begins. The Senate's thirteen member Finance Committee considers the funding bill as agency officials present explanations for their requests. The House's twenty-one member Appropriations Committee refers certain agencies' budgets to the appropriate standing committees and hears the testimony of agency officials during its hearings process.

The Governor's recommendations, the agencies requests and recommendations of the LBB are made available to the membership of the two committees in this hearings phase; standing committees' recommendations are also provided to the House Appropriations Committee. The proceedings of the hearings are generally limited to the budgets and are retained by audio recordings.

APPROPRIATION PROCESS:

The omnibus budget bill developed by the LBB provides for operational and capital expenditures. The Governor's funding recommendations, however, are not introduced as a bill.

The Constitution requires the Comptroller of Public Accounts, a Constitutional officer elected statewide, to provide the official forecast of available revenue on or before the date that the Legislature convenes. The Comptroller may revise his forecast during the session but he is not required to do so; he must certify that the bill is within his forecast before the bill is transmitted to the Governor.

Funding recommendations of the standing committees that are submitted to the House Appropriations Committee can be decreased

APPROPRIATION PROCESS (continued)

by majority votes, but require votes of two-thirds of the Appropriations Committee members to increase such recommendations. Subsequent passage by both houses usually results in referral of the bill to a conference committee for resolution. Approval by both chambers is required before the conference committee can report a bill that will add any new responsibilities to an agency or provide funding to an agency at a level that is higher or lower than that passed earlier by either house. After passage and certification by the Comptroller of Public accounts, the bill is transmitted to the Governor. If the Governor has objections to the appropriation bill, he may veto line items or veto the bill in its entirety.

PHYSICAL AND STAFF RESOURCES:

The House committees have twelve meeting rooms available and there are four rooms for Senate committees; all sixteen meeting rooms have cassette recording capability. In addition to private offices for all members, the Legislature is supported by a helpful data processing system that has statutory retrieval, bill drafting, code revision, and revenue forecasting capabilities. This system also allows the user to see the results of proposed changes in funding formulas.

All members are provided with secretarial and research staff. Committee chairmen have staffs assigned to the committees. Presiding officers also have administrative and research staffs. Individuals of the research staffs of the presiding officers are assigned to functional areas of state government.

Texas' Legislative personnel is classified as follows:

<u>Agency</u>	<u>Full-Time</u>	<u>Permanent Part-Time</u>	<u>Non-Permanent & Hourly</u>
Senate	381	68	
House of Representatives	605	258	
Legislative Budget Board	58		
Legislative Council	115	4	11
Legislative Reference Service	11		2
Sunset Advisory Council	20		1
Legislative Information System Council	25		
Auditor	<u>182</u>	<u>3</u>	<u>2</u>
Totals	1,397	333	16

Prepared by the Texas fiscal officer for The Appropriation Processes and Resources of The Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of The Council of State Governments, October 1982.

VIRGINIA

BUDGET HEARINGS:

Shortly after the Governor's budget bill is introduced in the House, officials of the Governor's Cabinet and agency officials come before the joint membership of the House Appropriations Committee (20 members) and the Senate Finance Committee (15 members) to justify their budget requests. Later, more indepth questioning and study is devoted to the requests when hearings are conducted by the House Appropriations committee; fewer questions remain unanswered when hearings are conducted by the Senate Finance Committee. The committees' staffs take notes but do not prepare and distribute a formal report. The legislators are provided with copies of the agencies' requests and the Governor's recommendations, and are free to question the agencies on all phases of their operations. The committees' staffs provide the members with comparisons of actual spending to previous budget requests and develop trends in quantitative performance indicators which aid in determining recommended levels of funding.

APPROPRIATION PROCESS:

During the regular session in even numbered years, the Virginia General Assembly passes one omnibus biennial budget bill which includes capital expenditures. By resolution, the General Assembly adopts a calendar for consideration of the budget during the sixty day session. For some time before and including the 1982 Regular Session, the budget moved first through the House of Delegates then through the Senate. It is expected, however, that both chambers will consider their versions of the budget concurrently during the next budgeting period.

Virginia's Governor is responsible for preparing the revenue estimates and the method used consists of a technical approach and a consensus approach. The State Revenue Department uses an econometric model that forecasts general fund revenue under three different scenarios, in terms of economic conditions. The Governor's Advisory Board of Economists, which includes economists from the academic community and the Federal Reserve, reviews the technical aspects of the model and the resulting forecast and develops an opinion of available revenue. A second board, The Governor's Advisory Board of Revenue Estimates, consisting of business and industrial representatives, reviews the economic assumptions behind the forecast from a businessman's perspective. Money committee chairmen and the leaders of both parties are also involved when the forecast is considered by the second board. On occasion, legislative leaders, with the Governor's approval, have increased the Governor's estimates of available revenue by

APPROPRIATION PROCESS (continued)

transferring unencumbered balances from special funds to the General Fund and by increasing the estimate of a particular revenue source that was clearly underestimated. The General Assembly has full discretion to increase or decrease the funding levels submitted by the Governor, as long as the budget is balanced. As the budget is considered first by the House of Delegates and then by the Senate, amendments are adopted, but the Governor's version is not substituted entirely. Differences between the House-passed version and the Senate-passed are resolved by a joint conference committee that is limited to resolving points of contention only. If the Governor objects to the version of the bill that is transmitted to him, he can veto the bill entirely or particular items, or offer executive amendments to the bill.

In the most recent Budget Act, the General Assembly sought to make its intent quite clear by having appropriated specific amounts to the sub-program level and by specifying maximum employment levels in terms of full-time equivalent positions.

PHYSICAL AND STAFF RESOURCES:

The General Assembly has available four meeting rooms in the Capitol and four rooms in the General Assembly Building, all equipped with public address equipment and television lighting. In addition, there are separate meeting rooms for the House Appropriations Committee, the Senate Finance Committee and the Joint Rules Committee, along with several conference rooms for subcommittees. Each legislator has a private office and an adjoining office for an aide in the General Assembly Building. Research is aided by a Legislative Library and the Legislative Automated Systems, which uses computer technology to store and retrieve Attorney's General opinions and the Code of Virginia.

The presiding officers are assisted during the session by one permanent secretary and one administrative assistant each. Committee chairmen of the House have one full-time secretary during the session, while committee chairmen of the Senate are served by one permanent part-time secretary that works full-time during the session. Each legislator is provided funding for one legislative aide and one half-time (shared) secretary when in session.

PHYSICAL AND STAFF RESOURCES (continued)

Virginia's Legislative employees are categorized as follows:
(As of July 1, 1982)

	<u>Permanent Full-Time Positions</u>
Auditor of Public Accounts	89
Capitol Police	57
Crime Commission	6
House Appropriations Committee	6
House of Delegates	15
Joint Legislative Audit and Review Commission	33
Legislative Automated Systems	17
Legislative Services	40
Senate	10
Senate Finance Committee	4
Total	<u>277</u>

In addition, 500 persons served during the 1982 Session of the General Assembly as pages, legislative aides, clerical and support employees.

*Prepared by the Virginia fiscal officer for The Appropriation Processes and Resources of The Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of The Council of State Governments, October 1982.

WEST VIRGINIA

BUDGET HEARINGS:

Seperate budget hearings are conducted by the two finance committees which are composed of eighteen senators and twenty-five house members. Audio recordings retain the proceedings which are primarily limited to the agencies' budgets, though other questions concerning the agencies' operations are covered if time remains. Members of the two committees have the agencies' requests and the Governor's recommendations available for consideration during the budget hearings. The agencies' requests employ primarily four line item categories, which are: personal services (salaries); current expenses (which consists of several sub-objects including, contract services, benefits, etc.); repairs and alterations; and equipment. Quantitative performance indicators are used to justify the continuation of a program and as one measure of the progress of a program.

APPROPRIATION PROCESS:

The Legislature approves one main appropriations bill that also includes capital expenditures during its annual budgeting cycle. The Constitution requires the Governor to submit his budget proposal within the first ten days of the session. Rules of both chambers require their respective versions of the budget to be reported to the floor by the fiftieth (50th) day of the session.

Estimates of available revenue are provided to the West Virginia Legislature by the Executive Budget Office and the State Revenue Department, both under the executive branch of government.

The Constitution provides that the sole authority for establishing the "official" estimate of available revenue rests with the Governor.

Upon receiving the funding recommendations of the Governor, the Legislature may increase or decrease the proposed funding levels, except that the Constitution prohibits the Legislature from reducing the funds to the Judicial branch. The amount appropriated cannot exceed the estimate of available revenue unless an additional funding source is provided for. Here again, the Governor has the final word in developing the estimate of the the amount that will be provided by such additional funding source. The finance committees of both houses usually substitute their own versions for the Governor's budget; the budget bills are considered simultaneously by both houses. Action on the budget by both houses usually results in a joint conference committee being appointed to resolve differences in the two versions of the bill. After both houses pass the conference committees' version of the budget, the Governor may either sign it, veto it totally or delete portions of the bill. The Governor is prohibited from increasing the funding figures to any agency or program.

APPROPRIATION PROCESS (continued)

After the budget has passed, the Legislative Auditor's Office is required by statute to prepare a report of Legislative Intent in the same form as the Governor's Executive Budget Document. This report clarifies Legislative intent regarding the proposed expenditures of the agencies and institutions and it even identifies the number of positions that are intended to be funded.

PHYSICAL AND STAFF RESOURCES:

Each house is served by three major committee meeting rooms equipped with sound and recording equipment. A staffed Legislative library aids the related research by classifying publications, reports and data from other states and by working closely with the State's Judicial Library and State Library Commission.

Presiding officers, committee chairmen and other Legislative officers have clerical staffs assigned to their offices. Clerical assistance is provided to individual legislators from clerical pools during the session.

West Virginia's Legislative personnel is categorized as follows:

FULL TIME EMPLOYEES

	<u>Professional</u>	<u>Support</u>
Senate	10	14
House of Delegates	6	13
Legislative Services	11	12
Legislative Auditor's Office:		
Auditing	37	5
Budget & Fiscal	5	4
Joint Committee on Government & Finance	<u>9</u>	<u>6</u>
Totals	78	54

ADDITIONAL EMPLOYEES EMPLOYED
DURING SIXTY DAY LEGISLATIVE SESSION

Senate	20	93
House of Delegates	27	68
Legislative Services	<u>5</u>	<u>28</u>
Totals	52	189

*Prepared by the West Virginia fiscal officer for The Appropriation Processes and Resources of The Southern Legislatures, The Fiscal Affairs and Government Operations Committee, Southern Legislative Conference of The Council of State Governments, October 1982.

WISCONSIN

BUDGET HEARINGS

In Wisconsin, the budget committee is the statutory Joint Committee on Finance, which is a 14 member standing committee. Membership consists of 7 members from each house with one member from each house appointed as a co-chair of the Committee. The Governor's budget recommendations are presented in bill form to the Legislature. After introduction, the bill is referred to the Joint Committee on Finance for its review and the Committee immediately commences public hearings on the bill. A hearing is held on the budget of each state agency, regardless of size. In addition to testimony from the Governor's budget staff and administrators of the respective agencies, representatives of particular interest groups and individual private citizens also may testify.

In addition to the budget bill itself, the Committee (as well as all members of the Legislature) has available the Executive Budget Books detailing both the agency budget requests and the Governor's recommendations. Further, the Legislative Fiscal Bureau (which is a statutory legislative service agency providing staff services to the Committee) prepares a detailed summary of the Governor's budget bill and budget recommendations.

For budget purposes, the Joint Committee on Finance is organized into five discussion groups which are structured into the following functional coverages: Education; Natural Resources and Public Debt; Transportation, Justice and Commerce; Health and Social Services; and Taxes, Shared Revenue and Property Tax Relief. These discussion groups receive briefings from the Legislative Fiscal Bureau prior to the Committee's public hearings. The discussion groups then hold subsequent meetings on their respective areas of the budget, receive budget issue papers from the Legislative Fiscal Bureau and formulate proposed changes to the budget for full Committee consideration. This full Committee consideration occurs after the conclusion of the budget hearings when the Joint Committee on Finance moves into executive sessions for development of its budget recommendations. These recommendations are ultimately incorporated into a substitute amendment to take the place of the introduced executive budget bill.

APPROPRIATION PROCESS

By statute, the Governor's budget recommendations must be incorporated into an executive budget bill and presented to the Legislature. The Joint Committee on Finance introduces the bill as submitted by the Governor and it is then referred to the Committee. Wisconsin uses a single omnibus appropriations bill covering all state agencies and all funds. Appropriations are generally on a program budget basis and on a lump sum basis. While appropriations are largely annual appropriations (lapse at year-end), a budget for a two-year period is enacted.

Following its public hearings on the budget, the Joint Committee on Finance goes into executive sessions on the executive budget bill. Both discussion group proposed changes and individual Committee member changes are presented to the Committee in the form of written motions which are prepared by the Fiscal Bureau staff. All changes to the Governor's budget which are adopted by the Committee are then incorporated into a substitute draft of the bill. However, all items of the Governor's recommended budget bill not modified by the Committee remain in the substitute amendment.

The Governor's budget bill is premised on the revenue estimates prepared by the Department of Revenue. The substitute budget adopted by the Joint Committee on Finance is normally premised on the revenue estimates prepared by the Legislative Fiscal Bureau.

The substitute amendment offered by the Joint Committee on Finance--constituting the budget recommendations of the Joint Committee on Finance--is then considered by the house of origin. The majority party caucus of that house typically considers the budget and adopts such changes as are necessary to obtain a majority vote for the budget on the floor. A similar process is followed in the other house. Differences between the two houses are usually resolved by successive passage of narrowing amendments by the two houses, although a Committee of Conference was used once in the last session (1981 session).

The bill--when finally agreed upon by the two houses--is presented to the Governor who has item-veto power. Governors typically make numerous item vetoes to budget bills, including dollar amounts, appropriation language and programmatic language. Item vetoes may be individually considered by the Legislature and any item veto overruled by a two-thirds vote of each house becomes law.

PHYSICAL AND STAFF RESOURCES

The Legislature has 9 meeting rooms available for committee hearings. Most committees share meeting rooms, on alternating days or weeks, although the Joint Committee on Finance has its own permanent meeting room. Three of the large hearing rooms (including the Finance room) have permanent microphone systems.

All legislators are allotted some personal staff and have individual private or shared offices. Some additional staff are provided for committee chairs and leadership. In addition, there are partisan caucus staffs in each house. There are also five permanent nonpartisan legislative service agencies. The authorized legislative staff (as of December 1982) is indicated in the following table.

WISCONSIN LEGISLATIVE STAFF
POSITIONS BY ORGANIZATIONAL UNIT

<u>Organizational Unit</u>	<u>Number of FTE Positions Authorized</u>
Assembly Staff	221
Senate Staff	201
Joint Survey Committee on Retirement Systems	3
Revisor of Statutes	10
Legislative Reference Bureau	46
Legislative Audit Bureau	71
Legislative Fiscal Bureau	33
Legislative Council	<u>35</u>
TOTAL	620

Legislative Fiscal Bureau
January 4, 1983
TAR/kmg